FOREIGN
BROADCAST
INFORMATION
SERVICE

Daily Report

East Europe

FBIS-EEU-94-225
Tuesday
22 November 1994

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Daily Report
East Europe

FBIS-EEU-94-225 *22 November 1994*

CONTENTS

NOTICE TO READERS: All material in this volume previously disseminated in electronic form.

INTERNATIONAL AFFAIRS

War Crimes Prosecutors Hail Talks With Serbs *[AFP]* 1

ALBANIA

Appeals Court Judge Protests Police Behavior *[ALEANCA 19 Nov]* 2

BULGARIA

Defense Official on PFP, Embargo, Coup Rumors *[BULGARSKA ARMIYA 16 Nov]* 3
Seminar With Yugoslav Businessmen Opens *[Sofia Radio]* 3

CZECH REPUBLIC

Kocarnik, Brittan Discuss OECD Membership *[Prague Radio]* 4
Division of Seats in Prague Council Announced *[Prague Radio]* 4
Communists Prepare for Local Elections *[PRAGUE POST 1 Nov]* 4
Parties Seek President Havel's Support *[PRAGUE POST 1 Nov]* 5
KSCM Leader Examines Post-November Situation *[RUDE PRAVO 15 Nov]* 6
New Agency To Police Nuclear Smuggling *[PRAGUE POST 1 Nov]* 8
CR's Business Environment Characterized *[PRAGUE POST 25 Oct]* 9

SLOVAKIA

Ministry Denies EU Commissioner Planned Visit *[SMENA 18 Nov]* 11
Hungarian Coalition Asks CE for Observers *[Budapest Radio]* 11
SDL Again Rejects Coalition Talks With HZDS *[NARODNA OBRODA 16 Nov]* 11
TU President Warns Against Outbreak of Unrest *[PRAVDA 16 Nov]* 12
FNM Confirms Imminent Changes in Company Boards *[SME 18 Nov]* 13

HUNGARY

Police Seize 26 kg of Radioactive Material *[Budapest Radio]* 14
Keleti on NATO Application, Army Changes *[Budapest Radio]* 14
Defense Minister, Assembly Official Interviewed *[Budapest TV]* 14
Government To Close, Open Diplomatic Missions *[Budapest Radio]* 20
Installation of Microwave GSM Completed *[Swanley MOBILE EUROPE Nov]* 20
Ukrainian-Hungarian Relations, Minority Issues *[Uzhhorod KARPATI IGAZ SZO 15 Oct]* 20
Coalition Partners Said To Disagree on Land Law *[UJ MAGYARORSZAG 1 Oct]* 21
Five-Percent Drop in Real Wages Predicted *[FIGYELO 29 Sep]* 22
Raising of Automobile Import Quotas Expected *[FIGYELO 29 Sep]* 24

POLAND

Polish Soldiers in Krajina Rotated, Resupplied *[Warsaw Radio]* 25
Weekly Alleges Corruption in Pawlak Government *[WPROST 20 Nov]* 25
Walesa-Pawlak-SLD, Presidential Election *[GAZETA SWIATECZNA 19-20 Nov]* 26
SLD Sejm Official Reacts to Walesa TV Interview *[Warsaw Radio]* 27
PC Chairman, Solidarity Head Discuss Cooperation *[RZECZPOSPOLITA 22 Nov]* 27
Coalition Discusses Defense Minister Appointment *[Warsaw Radio]* 28
GS Chief on Defense Minister Candidate, Budget *[Warsaw TV]* 28

Still More Biographies of Generals Published *[POLSKA ZBROJNA 17 Nov]* 28
BGZ Refuses World Bank Advice To Dissolve *[WPROST 20 Nov]* 30
Effect of Inflation on Budget Forecasts Seen *[DZIENNIK BALTYCKI 10-11 Nov]* 32

ROMANIA

Coposu Returns; Predicts Early Elections *[Bucharest Radio]* 36
Surdu Denounces 'False' Agriculture Figures *[ROMANIA LIBERA 17 Nov]* 36
Article Notes Military Personnel Changes *[EVENIMENTUL ZILEI 16 Nov]* 36
Senator Fears Russia Might Block NATO Entry *[Bucharest Radio]* 37

BOSNIA-HERZEGOVINA

Prime Minister Silajdzic Reacts to NATO Strike *[Sarajevo Radio]* 38
Criticizes UN Policy *[London TV]* 38
Rose: NATO Air Strike 'Proportionate' Measure *[AFP]* 39
Absence of Serb Reprisals *[Paris Radio]* 39
UK's Rifkind on NATO Response to Serb Attack *[London TV]* 39
Lord Owen Concerned Over Future of Bihac *[London TV]* 40
UN: Serb Forces Continue Attacks on Bihac *[AFP]* 40
Serbs Report Muslim Forces Assault on Krupa *[TANJUG]* 40
Army Refutes Serb Claims on Capture of Grabez *[Sarajevo Radio]* 41
UN's Spanish Battalion Placed on Maximum Alert *[Madrid EL MUNDO 21 Nov]* 41
Radio: NATO Action 'Worsened' Bihac Suffering *[Sarajevo Radio]* 42
Shortage of Medicines, Food *[Sarajevo Radio]* 42
Humanitarian Situation Assessed *[Sarajevo Radio]* 43
Red Cross on Situation *[TANJUG]* 43
Pale Assembly To Consider 'State of War' 23 Nov *[AFP]* 43
Prime Minister on U.S. Decision, Developments *[London TV]* 44
Article Compares Bosnian Army, Serb Forces *[NEDJELJNA DALMACIJA 4 Nov]* 46

CROATIA

NATO Announces Air Strike on Udbina Airfield *[AFP]* 49
Airfield 'Inoperational' *[AFP]* 49
Serbs Say Villages Hit *[TANJUG]* 49
2d NATO Raid Claimed *[TANJUG]* 49
NATO Denies 2d Strike *[AFP]* 49
One Killed, Several Injured *[TANJUG]* 49
UN: Strike Result of de Lapresle, Akashi Requests *[AFP]* 50
RSK 'President' Martic on NATO Air Strike *[Belgrade Radio]* 50
Mikelic Condemns Attack *[TANJUG]* 50
Babic Protests Resolution *[TANJUG]* 50
Martic: NATO Used 'Banned' Missile Systems *[Zagreb TV]* 50
Tudjman Hopes Air Raid Will 'Influence' Serbs *[Zagreb Radio]* 51
U.S. Envoy Expresses NATO Thanks to Tudjman *[Zagreb Radio]* 51
Granic Welcomes Implementation of Resolution 958 *[Zagreb Radio]* 51
Defense Security Council Approves NATO Action *[Zagreb Radio]* 51
Serb Troops Deploy Outside UNPROFOR Base *[AFP]* 52
UN Post Near Udbina 'Surrounded' by Serbs *[AFP]* 52
2 Czech UN Troops 'Captured' *[Prague Radio]* 53
Serbs Release Peacekeepers *[TANJUG]* 53
UNPROFOR Placed on Alert in Sector West *[Zagreb Radio]* 53
UN: Government To Extend NATO Air Mandate *[AFP]* 53
Granic: No Normalization Till Croatia Recognized *[Zagreb Radio]* 53
RSK Serbs React to Croat Incursion *[TANJUG]* 53
Netherlands Recon Soldiers Pull Out of Split *[Amsterdam DE VOLKSKRANT 19 Nov]* 54
General Bobetko Views Recent U.S. Visit *[SLOBODNA DALMACIJA 17 Nov]* 54
Iran's Va'ezi: Bihac Muslims Need Support *[Tehran Radio]* 56
Civilian Airline Traffic 'Back to Normal' *[AFP]* 56

THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA

Gligorov Sets Out Political Objectives *[VECER 21 Nov]* 57
Report Views Parliamentary Constitutive Session *[VECER 21 Nov]* 58

YUGOSLAVIA

Federal

Government Condemns NATO Air Strike on Udbina *[Belgrade Radio]* 59
Kontic: NATO Raid 'One-sided,' 'Unreasonable' *[Belgrade Radio]* 59
President Lilic Leaves for Brussels Visit *[TANJUG]* 60

Serbia

Jovic Criticizes 'Brutal' Reprisal Against RSK *[Belgrade Radio]* 60
Akashi To Meet Serb, RSK President Over Raid *[TANJUG]* 60
Radicals Demand Tribute to Udbina 'Victims' *[Belgrade Radio]* 61

War Crimes Prosecutors Hail Talks With Serbs

AU2111193394 Paris AFP in English 1910 GMT 21 Nov 94

[FBIS Transcribed Text] The Hague, Nov 21 (AFP)—International investigators said Monday rebel Bosnian and Croatian Serbs had agreed to cooperate with a UN war crimes probe, and hailed "constructive" talks held with Serb leaders last week.

In a statement here the investigators said Croatian Serbs in their Knin stronghold had "agreed to provide the prosecutor's office with access to relevant information stored in their files.

"Arrangements are being made for investigators to return to Knin in the near future," the statement said.

A team of three investigators visited rebel Croatian Serb headquarters last Tuesday, travelling to the Bosnian Serb stronghold of Pale two days later.

The rebel Bosnian Serb parliament there said that it had yet to decide what stance to take on the international tribunal for the former Yugoslavia, set up by the United Nations to try war crimes committed since the break-up of the one-time communist state.

Nevertheless, Pale Serbs did agree to "provide the prosecutor with general information indicating the areas under investigation by them," and allow UN investigators access to "specific documentary evidence" collected by the Serbs, the statement added.

The statement said that the tribunal's chief prosecutor Richard Goldstone was "satisfied that last week's initial visit will provide a basis for developing further cooperation with the authorities in both Knin and Pale in order to facilitate the work of his office.

"The authorities of both locations have their own collection of information about alleged war crimes, and it was important for the prosecutor of the tribunal to establish contact with all parties involved in the conflict in the territory of the former Yugoslavia," the statement added.

Spokesman Christian Chartier said the "basis of cooperation has been launched. It remains to be seen how it develops," describing the contact as an opening.

The tribunal, created by the United Nations in February 1993, held its first public session on November 8. To date only Dragan "Jenki" Nikolic, head of the Serb-run camp at Susica in northeastern Bosnia, has been formally charged with war crimes in ex-Yugoslavia by the tribunal.

However, the German authorities have also charged Dusko Tadic, a Serb prison guard, with torture and genocide, and ordered he be brought before the UN tribunal.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Appeals Court Judge Protests Police Behavior

AU2111122494 Tirana ALEANCA in Albanian 19 Nov 94 p 4

[Astrit Kola report: "Zef Brozi: 'The Public Order Ministry Is a State Within a State!'"]

[Text] Pistols were drawn, there were serious hand-to-hand clashes, and only fate intervened at the last moment to avert tragedy. The incident was not, as one might imagine, part of an operation to catch criminals, at night and on the outskirts of some city. It was a scuffle between the escorts of Appeals Court Judge Zef Brozi and those of Deputy Procurator General Fatos Dervishi. The incident occurred in the morning on 17 November in the yard of the Procurator General's Office, where Mr. Brozi had gone for a meeting. Mr. Dervishi demanded the removal of the supreme court judge's car from the place where it was parked. The failure to obey this instruction led to consequences—slight injuries sustained by Mr Brozi's chauffeur and escorts. However, according to Mr. Brozi, the reason for the incident was not "dreamed up" last Thursday. "Thursday's incident," he said, "was part of a series of provocations undertaken against me during the last few months. They are a result of the political stand taken against me by the mafia in parts of the state. He connects this stand with his struggle against corruption and his free public expression of his opinions about topical problems.

Brozi would not agree to mention the names of those who "make up the mafia in parts of the state," but said that the course of time or circumstances of some kind will very soon make them public. He expressed confidence that the time has come for President Berisha to use his authority to take the necessary measures, which must be at the center of the Albanian parliament's attention too. If this does not happen, and the state apparatus is not cleansed of certain corrupted officials, Albanian democracy is in jeopardy.

Prompted by Thursday's incident, Brozi said that he had already communicated with President Berisha. He said that the Tirana Procurator's Office has been instructed to pursue this case to the end. Now, thanks to the complaints of the two injured persons, criminal proceedings have been initiated against Mr. Dervishi's two escorts. Meanwhile, no investigations can be made against Mr. Dervishi, as long as he enjoys immunity.

However, the story does not end here for the supreme court judge. It has only begun. He has addressed a letter to Public Order Minister Musaraj, sending a copy for the information of the president of the republic. Mr. Brozi writes:

"Many district courts have informed me of the ridiculous behavior of Public Order Ministry personnel toward the courts, judges, and procurators.

"For example, the Gjirokaster police chief enters a courtroom where a trial is taking place and publicly insults the bench of judges, to the extent that the trial must be adjourned in order to avert incidents. This same police chief, who does not recognize the authority of the courts and thinks that he can arrest a judge whenever he feels inclined, enters the office of Judge Kujtim Idrizi and slaps him with the palm of his hand. Criminal charges have been laid against him.

"Some policemen refuse to testify in court, and, as a result, trials are postponed. There are cases in which the police do not carry out detention orders or arrest warrants, although the wanted persons stroll about the town under the nose of the police.

"There is anxiety about the way arrested suspects are brought to court and the implementation of court orders.

"The police frequently take citizens away from their homes in violation of the law.

"An impression has thus been created as if the Public Order Ministry were a state within a state! This mentality belongs to the past and seriously damages the law-governed state that we are trying to build."

We could not contact Procurator Dervishi yesterday in order to hear his side of the incident.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Defense Official on PFP, Embargo, Coup Rumors

AU2211070894 Sofia BULGARSKA ARMIYA in Bulgarian 16 Nov 94 pp 1, 3

[Interview with Angel Manchev, deputy minister of defense for military policy, by Lieutenant Colonel Georgi Vuchev; place and date not given: "Military and Civilian Diplomacy Are Two Sides of Same Coin"]

[FBIS Translated Excerpt] [Passage omitted] [Vuchev] Could you substantiate the claim that military diplomacy is one step ahead of civilian?

[Manchev] Military and civilian diplomacy are two sides of the same coin, and therefore it would be wrong to view their relations as a competition. In all important military policy issues we work in close cooperation with the Ministry of Foreign Affairs. [passage omitted]

[Vuchev] Recently, several opinions have been expressed, according to which the Partnership for Peace program is a NATO maneuver aimed at diverting the attention of the East European democracies, and that it has done nothing for supporting the security of those countries. In this context, where do you see the guarantees of our national security?

[Manchev] I do not share those opinions. By joining the Partnership for Peace program Bulgaria expressed its willingness to contribute to constructing a new world of security and cooperation. We have repeatedly expressed our readiness for our total integration in the political, economic, and military-political European and trans-Atlantic structures. This is not an act but a road that must be travelled, and Partnership for Peace is a stage of this road.

As far as the guarantees of our national security are concerned, they obviously are a given related to many factors against the background of the present situation. It would be primitive to reduce the issue of guarantees to seeking a suitable "defense umbrella" for our country. The selection of any of the geographic directions in this context would do us no good.

We need a pragmatic and balanced policy, and generally speaking, this is the policy Bulgaria conducts at present. The end of the Cold War helped us to find new friends. This does not mean at all that we have relinquished our old friends. I think that the foreign policy activity of the Ministry of Defense has been coordinated with precisely this constructive attitude toward the international problems, which is characteristic of our country's current policy. [passage omitted]

[Vuchev] Would what the mass media describe as the confrontation between the United States, NATO, and the West European Union, in anything related to the Bosnia arms embargo, affect our policy?

[Manchev] I would not say that it is a confrontation. As far as our position is involved, I think that it will not contradict the existing consistent policy, which protects Bulgaria's interests. I think that the embargo on the import of arms to Bosnia must continue simply because more arms mean more tension. In this context our country has a sufficiently active position. [passage omitted]

[Vuchev] Our mass media continue to hint that there is an incipient military coup is being prepared in Bulgaria. Representatives of the Ministry of Defense repeatedly rejected those suspicions in a most categorical manner, and said that this is impossible. However....

[Manchev] Any thought concerning a military coup in our country is absurd. First of all, the Army has been sufficiently depoliticized, and second—such a mood simply does not exist. For our part we are doing everything in order to prevent the army from becoming a center, let alone an instrument in the hands of any political force. Appropriate measures have been adopted to guarantee the right of the soldiers to freely vote and prevent any attempt of manipulating them in the name of a certain interest. There is no serious foundation of any speculation concerning the Army today. [passage omitted]

Seminar With Yugoslav Businessmen Opens

AU2111180194 Sofia Khorizont Radio Network in Bulgarian 1700 GMT 21 Nov 94

[FBIS Translated Text] On 21 November in Sofia a two-day seminar began of Bulgarian businessmen, representatives of more than 100 private and state companies, and an economic delegation of the Federal Republic of Yugoslavia, led by Professor Mihajlo Milojevic, chairman of the Yugoslav Chamber of Commerce.

Bozhidar Bozhinov, chairman of the Bulgarian Trade-Industrial Chamber, opened the seminar. He recalled that Bulgaria's losses from the Yugo-embargo surpass $6 billion, that 211 Yugoslav companies have registered so far in Bulgaria, and 43 of them have their representatives here.

The seminar will discuss lifting of the embargo and changing the mode of trade.

A meeting with Bulgarian Prime Minister Reneta Indzhova, and business meetings at the Ministry of Trade will take place.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Kocarnik, Brittan Discuss OECD Membership

LD2111164394 Prague Radiozurnal Radio Network in Czech 1500 GMT 21 Nov 94

[FBIS Translated Text] In the discussion with Finance Minister Ivan Kocarnik, European Union Commissioner Leon Brittan voiced interest in the timing of the Czech Republic joining the OECD.

According to Minister Kocarnik, the Czech Republic intends to meet all of the conditions necessary for the admission by the middle of the next year, although the admission will be decided by the commission of member countries.

Leon Brittan briefed Minister Kocarnik about the system of regular meetings of European Union finance ministers and wanted to hear about the current economic situation of the Czech Republic.

Division of Seats in Prague Council Announced

LD2111160694 Prague Radiozurnal Radio Network in Czech 1400 GMT 21 Nov 94

[FBIS Translated Excerpt] This afternoon, Prague Mayor Jan Koukal briefed journalists about the preliminary results of the elections to the Prague Council.

[Begin Koukal recording] The Civic Democratic Party [ODS] will have 23 seats on the 55-seat city council. The Communist Party of Moravia and Bohemia is in second place, with six seats, while the Civic Democratic Alliance [ODA] and the Czech Social Democratic Party [CSSD] have five seats each. The Democratic Union and the Free Democrats have won three seats each.

Those who have one seat are: the Association of Prague Independents [sdruzeni prazskych nezavislych], the Independent Erotic Initiative [NEI], the Christian Democratic Party [KDS], the Republican Party [Republican Party of Czechoslovakia, SPR-RSC] the Club of Committed Nonparty Members [KAN], the Green Party [SZ], The People of Prague to Prague [prazane praze, PP], the Christian Democratic Union-Czechoslovak People's Party [KDU-CSL]. [passage omitted]

Communists Prepare for Local Elections

95CH0040C Prague PRAGUE POST in English 1 Nov 94 pp 1, 3

[Article by Maggie Ledford Lawson: "Grass-Roots Communists Play on Welfare Nostalgia"]

[FBIS Transcribed Text] Anyone who thinks Czech Communists' days are over needs only take a look at the candidate list in just about any municipality in the country.

In the past year, the Communist Party of Bohemia and Moravia (KSCM) has quietly orchestrated the biggest grass-roots organizing effort in the country, and its initiative appears to be paying off.

Party officials claim to be running candidates for local office in 4,200 of the country's 6,230 municipalities. If their claims are truthful, far more Communists are seeking office in next month's local elections than members of any other party.

The Christian Democratic Union-Czech People's Party (KDU-CSL) reportedly has candidates in 2,050 towns and cities, while the Civic Democratic Partry (ODS), the top party on the national stage, is fielding candidates in 1,645 municipalities.

"Our candidate lists are essentially full," said Miloslav Ransdorf, a Communist Party deputy chairman who was a professor of philosophy at Charles University until what he and his comrades cryptically refer to as "the event"—the revolution of 1989 that toppled the party from power.

In several towns, communists are the only candidates on the ballot, essentially guaranteeing their election.

The party is targeting villages that have no other candidates up for election, said Jaroslav Havel, secretary of the KSCM's central staff for elections. "Our strategy is (to tell people) in the villages that the government will appoint a bureaucrat to govern them if they don't choose someone from the village," said Havel.

Party members admit that they are pariahs in many circles. Some municipalities—including Nachod, Pardubice and Vysoke nad Jizerou—have attempted to ban the party from advertising within their boundaries on the basis of a law against the propagation of violent philosophies. The Communists say they will ignore such bans.

Leaders of the KDU-CSL, discovering that some of their party's candidates were listed on the Communist Party election lists, issued directives forbidding such activity, despite the fact that the Communist slate was the only one available to candidates in some towns. In another incident, President Vaclav Havel refused to invite Communist Party representatives to a meeting that involved most other political parties.

KSCM leaders don't appear to be put off by the various slights they have been subjected to, nor do they seem to have been dissuaded from their goal of bringing what they call revised communism to this country.

As persistent in their beliefs as religious zealots, the Communists are using many of the same tactics, carefully constructing an organization that reaches every corner of the land. And, like the religious right, these political leftists show great adroitness in developing campaign literature that targets particular groups and plays to specific fears.

The threatened or actual loss of benefits that had been staples in the centrally planned welfare state—including free health care, subsidized apartments, low-cost transport and pensions—are grist for an eventual communist comeback, party leaders believe.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

"Now, 10,000 people are extra-rich, but the great majority have become very poor," said Vladimir Janku, a party leader who once specialized in international relations and helped prepare the Czechoslovak delegation for the Helsinki Conference.

"The situation is really terrible. From week to week, it's worse," said Janku, who fought in the resistance against Germany during World War II. He joined the Communist Party "hoping to construct a new society."

The party, which in 1990 ran strongest in the industrial areas of north and east Bohemia and in some parts of north and south Moravia, expects to make further gains in those areas in November.

"There'll be some red regions and some pink (left-leaning) regions" in the areas where the Communists have previously shown strength, predicted party Chairman Miroslav Grebenicek.

Party leaders said they don't expect to make significant gains in Prague, although they plan to make an issue of the fact that residential flats are increasingly scarce.

The party has local organizations in all 75 districts of the Czech Republic and all 10 districts of Prague, said Deputy Chairman Vaclav Exner. The districts have as many as 130 local organizations, he said. The groups meet at least four times a year, and also organize balls, sports, competitions, cultural events and discussions.

Each of the party's 220,000 or so members is expected to contribute 0.5 percent of his or her salary to the party, said Exner. The Communists will spend about 3.5 million Kc in this election campaign for pre-election meetings, advertising and poster printing, and candidate preparation, he said.

In adapting to their new status, the Communists have altered their rhetoric somewhat, claiming they want less central planning and more local control.

At times, they play down party affiliations altogether. Amid the recent flap over candidates' names from the KDU-CSL showing up on Communist slates, Communist official Ransdorf commented: "The people in the villages don't want ambitions from any party. They want prosperity, democracy and the right to self-determination."

The KSCM, which today has only 13 members in parliament, is not planning a takeover of the national government anytime soon, but it hopes to be a voice in keeping social programs intact in the coming years.

Jaroslav Ortman, leader of the Left Bloc, which split with the KSCM in June 1993, said he doesn't expect his former comrades to gain on the national level. "The Communists are too radical," said Ortman.

Indeed, it will be a far less progressive KSCM in these elections than the one that ran in 1992. That party was led by comparative reformers such as Ortman and former Chairman Jiri Svoboda. They left at the time of the Left Bloc's defection.

Exner admits that the KSCM's grass-roots effort involves tilling some rocky ground. "New parties have the advantage," he said. "They don't have a previous history."

Parties Seek President Havel's Support

95CH0040A Prague PRAGUE POST in English 1 Nov 94 p 3

[Article by Victor Gomez: "One by One, Parties Claim Mantle of President"]

[FBIS Transcribed Text] Political parties from the center to the moderate left are trying to cash in on Vaclav Havel's popularity—and neutrality—by claiming they are closer to the president's heart than the right-wing governing coalition is.

The idea of a conflict between the world views of the humanist president and free-market-oriented Prime Minister Vaclav Klaus was formulated by former dissident Jaroslav Sabata earlier this year.

Since then, virtually all of the country's centrist political parties—which define themselves as neither left-wing nor right-wing—have adopted this conception as their unofficial slogan for the coming local and parliamentary elections.

They have all struggled to identify themselves with Havel's statements on civil society, the importance of nonprofit organizations and the need to establish regional government.

"In the basic issues of building a democratic state and in questions of relations to the world, there are two sides here: the presidential and the prime ministerial," said former dissident and current leader of the Free Democrats Jiri Dienstbier after an October 6 meeting with Havel at Prague Castle.

Then, on October 19 and 20, Havel met with delegations from most of the parties that hold seats in parliament, though he refused to meet with the Communists and the extreme-right-wing Republicans. While parties from both the left and right were pleased to announce that they agree with the playwright-president on at least some issues, the moderate parties were practically gloating.

After the meetings, the centrist groupings, led by the Liberal Social Union (LSU), were eager to point out the overlap between their own political program and the president's oft-repeated views.

"I'm afraid that, in this country, as long as the people won't understand these ideas that the president has, they won't find happiness," said Jozef Krizek, a deputy from the LSU.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

It is easy to see why a close association with Havel would be considered a prize for any political organization. As the man who successfully led the peaceful revolution that toppled the communists in 1989, Havel is not only popular at home, but is also an international star who is courted by world leaders, the media and celebrities.

In addition, it is an open secret that Havel has much more in common with centrist former dissidents such as Dienstbier—with whom he spent time in a communist jail cell and whom he handpicked for the post of foreign minister—than with right-wing economists such as Klaus who espouse a *laissez faire* attitude toward public-sphere morality.

So far, the concept of a Havel-Klaus dichotomy has helped the centrist parties gain more press coverage and has contributed to a unifying drive among the LSU and other groupings such as the Czech-Moravian Party of the Center and the Free Democrats.

True to his famed neutrality, the president is neither encouraging nor condemning the parties' efforts to claim political kinship with him.

After his latest string of meetings with the various political parties, Havel stressed that his intention had been to listen and not to suggest. "The aim of these meetings was to give the president the opportunity to find out what these parties think," he said in an October 20 press conference after two days of meetings with delegates from 10 parties.

At the same time, though, Havel dropped a vague hint that he may begin pushing his ideas a little more forcefully in the future.

"The president should articulate his opinions, and I plan to state my opinions more or make my opinions more clear on certain issues in the near future," he said.

Vague as it was, this statement could mark the birth of a new spate of political pushiness from Havel, who has generally hovered in the background of the political stage since the 1992 elections brought the Klaus-led right-wing coalition to power.

Recently, Havel has shown other signs that he aims to take a more active role in day-to-day politics, from stating his desire to attend more meetings of the Klaus Cabinet to taking on the prime minister in a televised debate last spring.

These small steps fall a long way short of forming what Sabata calls a "party of the castle." Unless the president moves out into the open, the parties are left to sift through Havel's past and point out where they and he coincide.

KSCM Leader Examines Post-November Situation

AU2111130994 Prague RUDE PRAVO in Czech 15 Nov 94 pp 1, 4

[Interview with KSCM Chairman Miroslav Grebenicek by Andrea Zajicova; place and date not given: "A Functioning Democracy Does Not Sweep Its Problems Under the Rug"]

[FBIS Translated Text] [Zajicova] Some time ago, you called upon the political parties to discuss and formulate a Charter for National Accord, which should lead to a new debate on the November ideals. What did you envisage by this?

[Grebenicek] Not only I, but also many other people, have been thinking recently about what has actually remained of the ideals that took wing over November 1989. Democratic structures were admittedly established as a matter of form, but their real utilization is very limited. Did we want democracy or to force entire sectors of the population to the very fringe of society? Did we want social guarantees or a constant decline in the standard of living for most of the population? Did we want qualified ministers and a competent government or a bunch of amateurs and political schemers? Vaclav Havel, in essence, said recently that post-November development in its current form continues to be unacceptable and that society has to seek alternative paths for its future development. Thousands of citizens have firsthand experience of what things are like after five years. Instead of abstract visions from those who have brought this society to crisis, it is necessary to point out what the actual economic situation in our country is after five years and to make quite specific decisions that would lead to the real prosperity of all and not just to the massive increase in the wealth of a small group of new capitalists and state officials.

[Zajicova] In your opinion, what positive things did November 1989 bring?

[Grebenicek] While drafting the Charter for National Accord, I came to the conclusion that the social and economic downturn may even endanger the positive things that evolved after November 1989. That is, we do not want to forfeit political, economic, and cultural plurality and opening our country outward while respecting its sovereignty. We do not want authoritarianism in any form. We want to resolve all the contentious issues in the Czech Republic only within the framework of the Constitution, the Penal Code, and the international norms on civil and human rights.

[Zajicova] Why do you want roundtables and nationwide discussions when you have deputies in parliament? After all, they can express their views to everyone there.

[Grebenicek] We have deputies in parliament, but we do not believe that it is possible to achieve a solution to all of the serious problems in society via parliament. Given that parliament is dominated unilaterally by the ruling structures or economic lobbies, it does not provide a sufficient flow of information to citizens. Opposition deputies have even less access to the mass media, and very often quite distorted descriptions of their points of view, obviously aimed at deliberate scandalization, are made public. Moreover, we advocate the broadest possible implementation of direct democracy because citizens should express themselves immediately on the most important issues. The aim of the draft Charter for

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

National Accord, therefore, is to achieve a situation in which no obstacles will be placed on the path of justice, and it will be possible to orient ourselves toward stabilizing Czech society and joint solutions to conflict situations in the communities and regions. We are proposing to eliminate casting doubts on the legitimacy of political partners on the domestic scene. It would be useful to make available the parties' specialist infrastructures and to initiate the drafting of a program to resolve the Czech Republic's most pressing problems. It is also necessary to strive for the correct and equal representation of the entire political spectrum in the mass media. Only true and authentic information should be given to the press.

[Zajicova] You addressed left- and right-wing parties. In your opinion, is there a real chance of their getting together for a joint discussion?

[Grebenicek] I am aware of the seriousness of this step, but I want to believe that, even for the representatives of the other political parties, concern for this country, people, language, and cultural traditions is greater than party affiliation. I favor a society in which solidarity and understanding will triumph. One day, perhaps, the situation in which an enemy is always being sought, power is abused, and economic and social blackmail is applied must come to an end. A functioning democracy does not sweep its problems under the rug but articulates and confronts them.

[Zajicova] Certain parties, however, consider your call for dialogue and a charter to be just a form of addressing your voters.

[Grebenicek] I have registered such an opinion. However, I reject the attempts to palm this off as preelection expediency. I continue to rely on the unshakeable conviction that it is possible to alter reality and make it more humane by activity based on reason and morality. It is, of course, true that the first reactions to the letter to political parties indicate quite unequivocally that it is meeting with understanding among a broad spectrum of citizens.

[Zajicova] Josef Mecl, chairman of the Party of the Democratic Left [SDL], has declared that the greatest adversaries of the KSCM [Communist Party of Bohemia and Moravia] leadership are the postcommunist parties that split from the KSCM.

[Grebenicek] I was very surprised by the statement made by SDL Chairman Josef Mecl. As far as I know, we have never said anything of the kind. We do not see any danger in the postcommunist parties in the Czech Republic. Their protagonists are outside our party and do not play a significant role on our political scene. Their program alone is left-wing, and we can agree with it on a number of points. However, they have often described the communist party as unreformable and condemned to become a museum of the past. Ambition and careerism was symptomatic of many of them. Our fundamental working method is dialogue, dialogue with every democratic party, whether in the Czech Republic or abroad.

[Zajicova] So, will the KSCM be willing to discuss with the SDL the view that, after the elections, the left-wing parties should initiate a merger process in defense against radical liberalism and economic transformation?

[Grebenicek] The aforementioned objectives are familiar to us. The left-wing parties that are now rebuking us and saying that we should have turned first to the left of the political spectrum with the draft Charter for National Accord are mistaken or are being hypocritical. If we had done this, the first reproach, without doubt, would have tended toward the accusation that the KSCM wants to dominate and swallow the left wing. The very breadth of our appeal underlines the aim of the whole issue: It does not involve any attempt to dominate other political entities but is an attempt to introduce normal, civilized political relations.

[Zajicova] Do you have any information about the 1,300 members of LUNSZ [People's Union for National and Social Salvation], who, according to Miroslav Stepan, are supposed to be campaigning on the KSCM slates under the name "Campaign for Democratic Rectification"?

[Grebenicek] We consider Miroslav Stepan's statement to be a gross misrepresentation of the facts. The KSCM has nothing to do with the activities of Engineer Stepan and LUNSZ. His membership in our party was terminated at our congress, which is generally known. I confess that his initiatives do not interest me too much.

[Zajicova] If the LUNSZ members campaigning on the KSCM's slates are elected to representative bodies, do you think they will assert the KSCM's policy or that of Stepan's Union?

[Grebenicek] The candidates on the KSCM's slates were nominated by the KSCM, whether they are KSCM members or independents. Seventy-five percent of our slates are made up of KSCM members. The rest are independents or members of other parties. If there are some LUNSZ members, it is their private business, which is not connected with their participation in the elections. If they were to be elected, I am convinced that, first and foremost, they would assert the kind of policy that serves the towns or communities in which they were elected.

[Zajicova] How many of your district organization chairmen agree with Miroslav Stepan's appeal to convene the 18th Communist Party of Czechoslovakia Congress?

[Grebenicek] We have not come across anyone anywhere who has made a public statement on this appeal. Moreover, we are now thinking beyond the time frame given by the local elections. I have in mind the celebrations to mark the 50th anniversary of the Republic's liberation from fascist bondage. I mean by this the preparations for

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

the Fourth KSCM Congress and the seemingly distant objective of the parliamentary elections in 1996.

[Zajicova] Did the local organizations receive instructions from the KSCM leadership on whom they may and may not conclude coalition slates with for the local elections?

[Grebenicek] The KSCM does not have a central election program for the local elections because the problems facing the communities are very different. Therefore, we consider the local and district election programs to be vital. This opens up broader possibilities for cooperation with the civic public. It also concerns the coalition slates. It has also been recommended to the district bodies that they select their partners on the basis of their overall reputation in the area and not associate themselves with individuals demeaned by various local affairs and a course of action in the former representative body that could be at variance with the citizens' interests.

New Agency To Police Nuclear Smuggling

95CH0040B Prague PRAGUE POST in English 1 Nov 94 p 1

[Report by Vladimir Todres: "New Agency To Be Nuclear Roadblock"]

[FBIS Transcribed Text] The new fashionable way to earn $50 million: steal, smuggle and sell just one gram of californium-252. Osmium-187, fetching only $50,000 per gram, is far less attractive.

Kamil Klastersky quoted these prices at a press conference announcing his appointment as the head of a special police division aimed at stopping nuclear and environmental crime.

The division has been created within the Czech criminal police as a response to the growing incidence of illegal trafficking of radioactive materials along Eastern European routes. But before it can move against nuclear moonshiners, the new organization must find answers to such questions as, "Where are the smuggled materials coming from?" and "What is their destination?"

The issue of black-market nuclear material came to a head when three Slovaks, one Czech and one German were apprehended on German territory in June with 0.8 grams of highly enriched uranium-235 and 600 grams of less enriched material.

Klastersky said this was the fourth reported case of nuclear smuggling in the last three years involving residents of the former Czechoslovakia. All of them were caught abroad. Two Czechs and two Slovaks were arrested in Dresden with californium-252 in February 1993. In 1992, Vienna police apprehended two groups of Czechoslovak citizens who had brought uranium to Austria.

Although the radioactive materials are widely believed to have come from the former Soviet Union, their origin hasn't been proved. "When you see *burcak* (seasonal young wine), can you say without expertise that it's from Moravia?" Klastersky asked.

But Ladislav Bartak, director of the nuclear-materials department at the State Office for Nuclear Safety, said the task is not an easy one. "We can only say whether or not uranium is from VVV-440 reactors, which are used in this country," he said.

The State Office for Nuclear Safety has been asked to analyze seized material only twice—once by German police and once by Interpol.

"In neither case was it (stolen) from our nuclear power station," insisted Bartak. "Our stations are well-guarded and strictly controlled by the Vienna-based International Agency of Atomic Energy."

There have been no known attempts to steal used fuel from Czech power staions, Bartak said. According to Bartak, nuclear waste from Czech stations is still stored in Slovakia, but a new storage site in Dukovany is under construction.

"One attempt to steal a small quantity of uranium ore was prevented by police two years ago," noted Vratislav Fajman, an inspector with the State Office for Nuclear Safety. "It took police several hours to apprehend the thief. He probably didn't know how unbelievably far it is from uranium ore to any worthy uranium."

Russian authorities continue to deny allegations that they are unable to protect nuclear materials sufficiently. "It's all provocation," said Yevgeny Mikorin, Russia's deputy minister of atomic energy. "The West just wants to make us accept its help in controlling our nuclear stores."

American experts admitted in September that Russian military stores seem to be guarded properly. But the same reportedly can't be said about civil stores.

The destination of the radioactive material is unclear as well—at least for the Czech police. "I guess it is heading to the countries that are internationally banned from buying uranium. There are no such countries in Europe," Klastersky said.

The nuclear and environmental division of the Czech police has initiated cooperative efforts with neighboring Poland and Slovakia. Louis Freeh, head of the U.S. Federal Bureau of Investigation, discussed the issue of nuclear trafficking with Czech Minister of Interior Jan Ruml during the American official's visit to Prague in late June. A communique on cooperation was signed by both sides.

According to Klastersky, Czech police at the borders still lack necessary devices for detecting radioactivity, and he said this situation would be corrected as soon as possible. State-of-the-art technology would enable police to discover smuggled materials even in specially insulated containers, he said.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Those caught will face prison sentence from one to five years. Those acting in groups, causing injuries or deaths, or earning especially large profits will face prison terms up to 15 years in accordance with an amendment to the Criminal Code passed in December 1993.

CR's Business Environment Characterized

95CH0027C Prague PRAGUE POST in English 25 Oct 94 p 10

[Report by Dean Calbreath, Julie Jette, and Lubomir Sedlak: "Business Leaders Assess Economic Performance"]

[FBIS Transcribed Text] *Conference Bohemiae drew several hundred business executives, economists and government leaders to Prague October 10-11 to discuss the business environment in the Czech Republic. Following is a sampling of views from the speaker's table:*

Volkswagen Chairman Ferdinand Piech On Labor Problems

Ferdinand Piech, whose operation at Skoda Mlada Boleslav has been the site of recent labor unrest, issued a veiled threat to workers: Push your wage demands too high and we might move your jobs to Mexico.

"Mlada Boleshav and factories in Mexico now have almost identical wage costs," Piech said. "If production costs rose sharply in Skoda, we might have to think about whether it would be more advantageous to produce, perhaps, in Mexico."

Piech said Volkswagen "must take care that we have intelligent people on the union side. If they understand business, they will not be against business."

Piech added that union leaders must be made aware that wage increases hurt the "price advantages" of the products they produce, and warned that there is "strong competition" from companies with low prices.

As he defended Skoda's impending layoffs, however, he also complained that companies have invested time and money into training too many employees who have left abruptly for higher salaries elsewhere.

Frans Van Loon, Director, Emerging Markets Group, ING Bank On Financial Regulations

Frans Van Loon, whose Netherlands-based bank has a strong operation in Prague, said that in Central Europe—as well as throughout the rest of the world—the reins of the financial world are shifting from centralized banks and lending institutions toward rating organizations and fund managers.

Van Loon said that Central Europe has to find its own way toward financial regulation, rather than rely upon possibly outmoded models from the West.

"The American regulatory regime has little relevance to Central Europe," he warned, adding that Central European countries should strengthen their regional trading networks to keep from falling prey to U.S. and West European business interests.

Richard Salzmann, Chairman, Prague Stock Exchange, On the Infant Market Economy

Richard Salzmann, who also heads Komercni banka, conceded that there are some structural problems in the stock exchange, including unregulated trading and lack of financial disclosure.

But Salzmann said those are just growing pains.

"You've got to remember that the capital market is only one and a half years old, and it was started after 50 years of absence of any capital market," he said. "During this time, the population was flooded by information—not only in the classroom and political speeches and the media, but in literature and the arts as well—that portrayed the capital market as evil, diabolical and demonic. Participants were drawn in cartoons as fat men with top hats and cigars, squeezing the last drop of blood out of the working class. No wonder there are still some 'childhood diseases' in the capital market today."

Salzmann faced some tough questioning from conference participants, who asked why banks allow deadbeat borrowers to fail to make payments. He noted that Komercni banka has filed 50 bankruptcy petitions. But he said that "we would rather support the gradual restructuring of enterprises than force them into bankruptcy."

Economy Minister Karel Dyba On Bankruptcy and Privatization

After listening to complaints that too many insolvent companies are kept afloat by lenient government and banking practices, Economy Minister Karel Dyba cited figures that said there were 10 to 12 bankruptcies started per month last year, and that this year that figure rose to 30 per month.

"There are plenty of cases pending without the intervention of the government," he said. "It is not the role of the government to artificially start the bankruptcy process. We are doing nothing, and we will continue to do nothing in that respect."

But he recognized that the state still plays a major role in the economy, especially since it continues to hold major stakes in companies going through the privatization process. He said the government must exercise its ownership rights with caution.

"Ministries should not rely much on their own clerks when exercising their ownership rights," he said, suggesting that ministries appoint others to serve in their interests on the supervisory boards of partly state-owned companies.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Industry and Trade Minister Vladimir Dlouhy On Taxes and Trade

In response to charges that the corporate tax rate is too high, Minister of Industry and Trade Vladimir Dlouhy blamed the taxes on the government's insistence on a balanced state budget—something that could possibly be changed in the future.

But Dlouhy, who has recently conducted several trade missions to Southeast Asia and South America, spent most of his time talking about foreign trade—and the shrinking market for Czech exports.

"The Czech Republic has always exported a lot to the Third World, but now it faces fierce competition on these markets from the developed states," he complained.

Viktor Popovic, Principal, McKinsey & Co., On Corporate Governance

Viktor Popovic, principal at McKinsey & Co., noted that joint-venture partners or majority shareholders from the West bring with them different ideas of corporate governance—how supervisory and management boards should work together.

The Czech legal system allows for a variety of structures, Popovic said, but he emphasized that Western partners must understand that "culturally, there has been little intuitive understanding of rights of shareholders and owners."

This can present problems, but it also leaves open a number of solutions. Popovic said that "an alliance partner must be very sensitive to the environment, but bring with him and adapt a reasonably strong, complete and direct model of governance."

Various Speakers On the Job Market

Jean Pierre Pindat, executive director of Unisys in the Czech Republic, said that the lack of bankruptcies and the government-imposed wage controls contribute to high employee turnover rates.

Minister Dlouhy defended the wage controls. "We are pursuing a very cautious policy in the wage sphere and are still regulating wages to a certain extent," he said. But he said that the Czech wage advantage will disappear as Western capital begins to flow into the country.

Stepan Popovic, who heads Glavunion, the country's biggest glass-making company, said that employees must be made to feel that their paychecks depend on their performance. Popovic, who also heads the Confederation of Industry, said his company's main problem is finding "the right people to put in the right places." One reason: the continuing low level of unemployment in the country makes it a job-seeker's market.

Other speakers said there is virtually no pool of experienced managers for companies to draw from. Most new managers hired here are under 30, and the perception is that people over 35 are too old to learn a new corporate culture, said Michael Obermayer, who heads the Eastern Europe operations of the international consulting firm McKinsey & Co.

At the same time, many companies are trying to cycle out their expatriate managers. William Harter, general director of Procter & Gamble in the Czech Republic, said that his company reached a peak of 27 foreign managers here, and that now only six out of 40 managers are foreigners.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Ministry Denies EU Commissioner Planned Visit

AU2211130594 Bratislava SMENA in Slovak 18 Nov 94 p 2

[TA SR report in the "Day at Home" column]

[FBIS Translated Text] The Ministry of Foreign Affairs of the Slovak Republic announces that no visit by European Union [EU] Commissioner and European Commission Deputy Chairman Leon Brittan to the Slovak Republic had been planned for these days. Leon Brittan's visit to the Slovak Republic is being considered for the near future, in connection with his newly assigned responsibility for the development of trade relations within the framework of the European Commission.

Hungarian Coalition Asks CE for Observers

LD2111233894 Budapest Kossuth Radio Network in Hungarian 2100 GMT 21 Nov 94

[FBIS Translated Text] The Council of Europe CE[] official who is to report on Slovakia visited the country to assess the situation. Our correspondent Ildiko Nagy reports.

[Nagy] The Hungarian Coalition proposes that the CE delegate permanent observers to Slovakia to continuously monitor the fulfillment of its requirements. Among other things, this is included in the evaluation that was handed to Tarja Hlonen [member of the Political Affairs Committee of the CE] by representatives of the three Hungarian parties [Coexistence, Hungarian Christian Democratic Movement, Hungarian Civic Party].

The CE's reporter on Slovakia was inquiring in Bratislava about how the Slovak Government fulfills its program regarding the protection of minorities. The representatives of the Hungarian community told her that no cooperation has been established with the Meciar government and that the fulfillment of the recommendations has been urged in vain.

During the government of Jozef Moravcik, the situation changed. Dialogue started and the government took off the agenda the matter of regional reorganization that would have affected minorities in a disadvantageous way. This is when parliament adopted the laws on the use of names and bilingual place name signs, although both have shortcomings.

However, there has been no development in the matter of laws that negatively discriminate against minorities living in Slovakia. First and foremost, those that include the principle of collective guilt should be deleted from the country's legal system.

Madame Hlonen asked about the situation of the Teachers College of Nitra, where not only has there been no development, but also the minority faculty's gradual reduction is taking place. The CE official asked for a written report on this issue from representatives of the Hungarian coalition.

SDL Again Rejects Coalition Talks With HZDS

AU2111140694 Bratislava NARODNA OBRODA in Slovak 16 Nov 94 p 3

[Second installment of interview with SDL Chairman Peter Weiss by Julius Gembicky; place and date not given: "Peter Weiss: Bold Decision Would Have To Be Made by the Movement for a Democratic Slovakia First"]

[FBIS Translated Text] [Gembicky] Mr. Chairman, what is your idea of a stable broader coalition government? Which political entities would be acceptable partners for the Party of the Democratic Left [SDL] in the event of your participation in the formation of a new cabinet?

[Weiss] I said right after the elections that we respect the result of these elections. We realize that it is impossible, in fact, to form a government without the Movement for a Democratic Slovakia [HZDS], which is why we proposed the formation of a government composed of the HZDS and the parties making up the outgoing government coalition. The HZDS rejected the idea not only by its political conduct but also by setting excessively harsh conditions right at the beginning. Theoretically, this idea is still alive, of course, but the bold decision would have to be made by the HZDS.

[Gembicky] Is it just Vladimir Meciar's personality and his political style that represent an obstacle to the continuation of talks on a new government, or is the HZDS itself unacceptable to the SDL?

[Weiss] At its meeting 10 days ago, the SDL Executive Committee did not reject talks with the HZDS as a whole. We are ready to hold talks with those of its functionaries, members, or deputies—and the same holds true for the Association of Workers of Slovakia—who reject antidemocratic and authoritarian methods of exercising power. It is not just a matter of the HZDS chairman. The matter is that the HZDS leadership enforces a political style that is marked by quest for political revenge and militancy. I think the key to the HZDS's slammed doors rests precisely in a change of this political style. The question is whether such change is possible.

[Gembicky] But is this not an effort on your part to retaliate and "straighten out" the HZDS leadership?

[Weiss] On no account. It is a result of what we realized that night [of 3-4 November in parliament]. Some HZDS deputies were evidently ashamed of their party's conduct, and some even apologized for it.

[Gembicky] Why, in your opinion, did the SDL leadership not "straighten out" even at the 12 November meeting of the Republican Council? Did, in its course, the Council's members not even make an attempt to change the SDL's attitude toward the HZDS and leave a back door open for talks on participation in the government?

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Weiss] Rejection of this political style and of the manner in which the HZDS seized power was the main unifying factor at the Republican Council meeting.

TU President Warns Against Outbreak of Unrest

AU2211124294 Bratislava PRAVDA in Slovak 16 Nov 94 pp 1-2

[Interview with KOZ SR President Alojz Englis by Lubomir Urban in Piestany on 15 November: "Preventing Apathy From Evolving Into Anarchy"]

[FBIS Translated Text] A two-day assembly of the Confederation of the Trade Unions of the Slovak Republic [KOZ SR] started at Piestany yesterday. The trade unionists dealt with the state of work on legislative changes arising from the concept of transformation of the social sphere, with the Confederation's projects to alleviate the imbalance on the labor market, proposals for further steps in the field of unemployment, and other issues. In view of recent statements from the political kitchen of the Movement for a Democratic Slovakia [HZDS] about forthcoming social unrest, discussion centered on assessing the fulfillment of the state budget and its socioeconomic repercussions. In this context, we spoke with KOZ SR President Alojz Englis.

[Englis] Our findings come from official analyses. The fact is that the level of household consumption has dropped drastically in Slovakia and that the number of low-income families is growing. The growth of unemployment in a number of districts is alarming. The weak economy, the great supply of labor, and indifference on the part of the state allow employers' extreme conduct without any social feeling. They treat their employees worse than 18th century capitalists did.

[Urban] How can one resist this situation and prevent it from deteriorating further?

[Englis] Developments confirm that not only the invisible hand of the market is needed, but also the government's hand. We believe that, in this period of transition, the government must avail itself of the appropriate instruments of economic policy and cannot rely on the market alone. This is not done even by the most right-wing governments abroad. Because a situation has been reached where the decline of real wages is out of proportion with, and greatly exceeds, the decline of the economy's performance, we are losing faith in the ability of the governments we have had in the past five years to address the existing problems. We therefore stress that continuation of this state of affairs could lead to social unrest. We hold the key to this trigger, but we do not rule out that, if the government will not address those problems, people will react to them in their own way. Apathy could quickly evolve into anarchy. Under pressure that in some places is generated literally by starvation, people will act as they wish. That is not to say that this is our aim, and we are not going to endorse such activities. We are making use of all of the possibilities of social dialogue to deal with the problems.

[Urban] A new government is still out of sight, and it could take weeks before it is formed. This state of affairs definitely does not help improve the situation. Could it be precisely this that becomes the trigger you mentioned?

[Englis] I think it might because all processes have been halted. The process of transformation of the social sector, which is of immediate concern to us and where we have a clear concept as to the direction it should take, has been blocked completely. Only laws addressing, once again, solely the policy interests of some political parties are being pulled out—family allowances, for example. This issue has been torn out of the general concept of transformation of the social sector and has not been dealt with in line with trade unionists' ideas.

[Urban] Do you have an overview of where the situation is most acute, from the point of view of possible social unrest? After all, you do make use of statistical data on unemployment.

[Englis] You cannot establish such a correlation because in some regions people are employed but are not getting paid. Even if official unemployment in a given region is below 20 percent, for example, employers' treatment of employees is irresponsible, and the trade unions are being forced to deal operatively with many problems through consultations with local managements.

[Urban] Do the trade unions feel any pressures from any political parties to force the situation to a head, to a situation in which a strike would become the only solution?

[Englis] No, we do not feel any such pressures.

[Urban] What will Christmas be like, in your opinion?

[Englis] Peaceful, I hope. If not, in my opinion it will be a clear signal to the political parties by their voters that they have deceived them.

[Bratislava NARODNA OBRODA in Slovak on 17 November on page 2, under the headline "KOZ SR Assembly Warns Against Possibility of Disruption of Social Peace," carries the following report on a KOZ SR statement adopted by the KOZ SR meeting on 15 November: "The KOZ SR Assembly on 15 November discussed the development of the social situation of the population of the Slovak Republic in the period of social transformation thus far and the social consequences of realized reforms. It noted that the political, economic, and social changes effected since 1989 have had a much greater impact on the social sphere than expected. For a great part of the population, the price for the transformation of the social sector is too high and is the cause of growing discontent. So far, the governments of the Slovak Republic have not been able to implement the economic and social reform in a conceptual manner and thereby make the entire transformation process transparent. The KOZ SR draws the attention of political parties and the Slovak Government to the fact that

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

delaying a solution to the unfavorable social consequences can lead to the disruption of social peace and to the creation of an unstable environment for transformation processes. All of these entities should realize the consequences of the present social and political situation and expeditiously take effective measures."]

FNM Confirms Imminent Changes in Company Boards

AU2211130494 Bratislava SME in Slovak 18 Nov 94 p 3

[Interview with Milan Rehak, FNM Presidium vice president and Executive Committee chairman, by Alica Strbava; place and date not given: "National Property Fund Wants To Administer Property More Actively"]

[FBIS Translated Text] In the past few days, some thriving shareholding companies have received a request from the National Property Fund [FNM] to call extraordinary meetings of shareholders. As the only point on the agenda, the FNM proposes the replacement of members of supervisory boards.

[Strbava] Can you specify in which companies you have taken this course of action?

[Rehak] Because we are still surveying the situation in individual shareholding companies, I consider this premature.

[Strbava] Will you propose changes in supervisory boards only in cases in which the FNM is represented on them by people with whom it had not signed agreements obliging them to follow FNM orders [prikazne smluvy], or will even those representatives who did sign such agreements with the FNM be recalled?

[Rehak] The FNM's right to call extraordinary meetings of shareholders arises from the Commercial Code. The extraordinary meetings of shareholders in some shareholding companies will be held with the aim of having the FNM represented in them by people who really defend the FNM's interests. Changes in the supervisory boards of some shareholding companies can take place in the event of the confirmation of conflict of interest and unambiguous demonstration that the participation of some FNM staffers and commissioners [prikaznici] in the supervisory boards of shareholding companies does not provide sufficient guarantees of the defense of FNM interests.

[Strbava] Will you initiate the replacement of only those people on supervisory boards who represent the FNM (as a shareholder) or also people representing the interests of other shareholders in companies?

[Rehak] The initiation of changes in supervisory boards by the FNM must be understood as the utilization of the right of a shareholder arising from the Commercial Code and the FNM Statutes.

[Strbava] How many people will be affected by those changes?

[Rehak] Speaking about the number of people who will be affected by the possible changes is premature, and a question framed in this way does not give a true picture of the nature of the problem. Through changes in the supervisory boards, the FNM wants to move away from the role of passive executor of a shareholder's rights to that of an active administrator of property entrusted into its hands. For this reason, the changes in supervisory boards of shareholding companies must not be identified exclusively with personnel changes. Should any such changes take place, they will be an expression of the FNM's endeavor to raise the quality of the activity of the managerial bodies of shareholding companies in which the FNM is a shareholder.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Police Seize 26 kg of Radioactive Material

LD2211094594 Budapest Kossuth Radio Network in Hungarian 0900 GMT 22 Nov 94

[FBIS Translated Text] Budapest has been the scene of Hungary's so far largest seizure of uranium. According to the KURIR newspaper the police found 26 kilograms of radioactive material in the trunk of a car. A Central Physics Research Institute official told Hungarian radio that they do not dare to open the 45-kilogram steel cylinder containing the fissile material. The police ordered a news embargo on the affair and are awaiting a military expert.

Keleti on NATO Application, Army Changes

LD2211021294 Budapest Kossuth Radio Network in Hungarian 1730 GMT 21 Nov 94

[Interview with Defense Minister Gyoergy Keleti by unidentified correspondent on 21 November; place not given; from the "Extra" program—live or recorded]

[FBIS Translated Excerpt] Defense Minister Gyoergy Keleti arrived home yesterday from his three-day Romanian visit, in the course of which he held talks with his Romanian counterpart Gheorghe Tinca. [passage omitted]

[Correspondent] Mr. Minister, can you confirm these evaluations?

[Keleti] First of all, my experience is that the Romanian defense minister had a very honest intention to develop cooperation. [passage omitted]

[Correspondent] Allow me to return to the reactions. It was said in the Bucharest dispatch that according to your negotiating partner, the Romanian defense minister, Romania's path to NATO leads via Budapest, while Hungary's path to NATO leads via Bucharest. Plainly speaking, Romanian-Hungarian relations are basic conditions for the admission of both countries to NATO. Do you agree with this?

[Keleti] There are indications that Hungarian-Romanian cooperation is followed with particular attention in certain circles of NATO. However, I usually say, and I have said it here as well, that we do not wish to enter NATO hand-in-hand with any of the countries of the region. We are looking for forms of cooperation that will promote this, but in all cases the given country's circumstances and opportunities have to be taken into account.

We do not intend to launch a race to join NATO, because such a race might lead to the consequence that too much money will be spent on these programs. We are of the view, and I hope that our NATO partners will also understand, that even in this difficult situation, we are paying special financial resources for the implementation of our individual Partnership for Peace program, but our opportunities are limited. Therefore, I think that this remark of my Romanian counterpart is true in the sense that we have to cooperate in certain matters, but every country, by itself, has to take measures that can shorten the way to NATO. [passage omitted]

I can say that as of 1 December, at a few formations, on an experimental basis, we will abolish the street uniform; that is, soldiers can leave their military unit for holiday in civilian clothes. I have to stress that it will only be an experiment. If it harms military discipline, it will not be made universal in the entire army. Furthermore, also as of 1 December, on an experimental basis in a few units, we will introduce a modification to the morning timetable. [passage omitted]

We would like to lift this stricture and say that from the beginning of training, everyone can decide what he wants to do, as long as his job is done; movement will not be tightly scheduled minute by minute, as to who, where, and when. [passage omitted]

Defense Minister, Assembly Official Interviewed

LD2011232494 Budapest Duna TV in Hungarian 1700 GMT 20 Nov 94

[Studio interview and phone-in program with Defense Minister Gyorgy Keleti and Imre Mecs, chairman of the National Assembly's Defense Committee and moderated by correspondent Andras Totfalusi; from the "Weekly Courier" program—live]

[FBIS Translated Excerpt] [Unidentified announcer] The limits defined by the Paris Treaty designate the arsenals and the size of the armies of the countries of our region, Central Europe. The actual figures are generally higher than what is specified. However, our region can be described as balanced with regard to military power relations.

The Hungarian Army at present, including civilian employees, has approximately 100,000 members. The arsenal includes somewhat over 800 tanks, 1,700 armored personnel carriers, 840 artillery guns, 180 aircraft, and 108 helicopters. In our region, only Ukraine has strategic weapons and operational missiles. However, let us look behind the figures. What type of army is needed to sustain the country, in order to provide a necessary and sufficient defense? At what pace do we in Hungary expect to develop our armaments and the Army's organization so that they reach a level that meets NATO expectations? Finally, but not last, what type of military policy relations does our country have with neighboring countries, mainly Romania?

[Totfalusi] Good evening, dear viewers. In today's edition of "Weekly Courier," we will, among other things, seek replies to the questions above. The two guests in our studio are Defense Minister Gyorgy Keleti and Imre Mecs, chairman of the Defense Committee and parliamentary deputy from the Alliance of Free Democrats. Good evening, I greet you. [passage omitted]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

As the Hungarian media have reported, Mr. Keleti has spent the past two days in Romania, in Bucharest and elsewhere in Transylvania, and he has held high-level discussions with his Romanian counterpart, as well as meeting President Iliescu and Foreign Minister Melescanu. Your aircraft landed scarcely a few hours ago, so the viewers of Duna Television can hear first hand about the discussions. Since your experiences are no doubt fresh, allow me to ask: What was the atmosphere of the meeting like? With what feelings did you leave the negotiating table?

[Keleti] We held talks at several places. As it has been reported, I was received by Romanian political leaders—which for me was an honor—and my impression everywhere was that there was a very serious intention to further improve military relations from their current levels. Naturally, we travelled to Bucharest with the intention of discussing the specific ways to realize this. When I met the Romanian defense minister in Gyula this summer, they had come with a 10-point package aimed at improving cooperation. We now are able to add an additional five points, and I can say with pleasure that the experts' talks—seeing that I was accompanied by the deputy chief of staff, the chief of the operational division, and the head of the military department in the Defense Ministry—yielded the result expected. We managed to reach agreement on these cooperation issues.

[Totfalusi] In concrete terms?

[Keleti] In expressly concrete terms. Naturally, these concrete terms will not come into force right away, since I must brief the parliament's Defense Committee about these talks. Then the parliament's approval is needed, here at home and in Bucharest as well, since there are plans for Hungarian soldiers to participate in training in Romanian barracks and for Romanian soldiers to come to Hungary. We naturally will ask for permission for this in the appropriate manner.

[Totfalusi] Do these current talks constitute a breakthrough in Romanian-Hungarian relations? I am thinking not only of military relations, seeing that the media have been rather sparing in its reports about your talks with President Iliescu.

[Keleti] Yes, it has been rather sparing. It began as a protocol visit, since the ministers are usually received in this manner. However, I believe that the conversation itself went on for more than an hour, and I can say that we were able to discuss substantive issues.

[Totfalusi] Could you list a few?

[Keleti] Our discussion of cooperation was the most concrete. However, I also seized the opportunity to remind President Iliescu that Hungarian-Romanian relations evolved, properly speaking, at the end of 1989. I participated in this at the time. We together were very concerned for the return of Hungarian soldiers who were transporting a Hungarian consignment of blood and medicines to Arad.

[Totfalusi] You even went over there, to Romania, at the time.

[Keleti] That is true. I went there in the first days of 1990, in early January. However, in my view, there is a series of issues that first determines the relationship between the two armies and second must not be forgotten.

I also consider it to be a very significant political matter that, for example, we agreed that—having examined the conditions—Hungarian fighter aircraft would carry out aerial target practice in Romanian training areas. It is difficult to imagine Hungarian military aircraft flying in Romanian air space for such a purpose three, four, or even six years ago.

[Totfalusi] Is this some sort of Open Skies?

[Keleti] Open Skies is another system, in which the sides mutually undertake to enable the other side to take aerial photographs several times a year. However, an offshoot of this is a sign of military trust and the dismantling of the distrust factors, which is now characteristic of Europe. I believe I am not betraying a secret by saying that the Partnership for Peace program is aimed precisely at this—cooperation, military relations, the shaping of good neighborly relations.

[Mecs] [passage omitted]

[Totfalusi] Could military relations be exemplary from the viewpoint of higher-level interstate relations?

[Keleti] I told President Iliescu the following. When we concluded the Open Skies agreement in 1991, we, properly speaking, provided Europe with an example. I proposed to him that we should also provide an example now by bringing about an interstate agreement, a basic treaty in which the nationalities issue is handled in an exemplary manner. The international standards that are in force could constitute a very secure foundation for such a basic treaty. I believe that President Iliescu will be able to speak about this if he comes to Budapest in early December for the CSCE summit, if he wishes to make further progress in one way or another with regard to this issue. I very much trust that the forms of military cooperation that have evolved—and I trust that they will continue to evolve successfully—will provide an example of sorts for the politicians.

[Totfalusi] Can it be felt, perhaps, that some sort of relationship of trust might be taking shape between the two military leaderships, that we might progress beyond the caution, the distrust, the diplomatic phrases?

[Keleti] I think so, because this was my fourth meeting with Romanian Defense Minister Tinca in the four months that I have been in this position, which shows that—obviously beyond the fact that we are able to exchange words with one another—he also attributes significance to these meetings. I experienced that the Romanian chief of staff, whom I also met on 18

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

November, takes a very concrete approach to these issues. Allow me to give an example. At the beginning, we—the soldiers, at least the experts—were discussing the possibility of soldiers going only from one country to the other next year; that is, according to our plans, Romanians would have come to Hungary. Minister Tinca and I asked the soldiers why the same could not be done with the Hungarians; why should we wait another year? Taking it all in a very flexible manner, the chief of staff said fine, no problem. They would incorporate this into their military training plan.

Moreover, I sensed a sort of trust in the fact that they made it possible for a major part of the program not to be held in Bucharest. We stayed in Bucharest a day and a half out of the almost three-day visit. Then we went to Hungarian-populated areas. We began this primarily in Csikszereda [Miercurea-Ciuc]. Allow me to say that I met Andras Suetoe [ethnic Hungarian writer injured in unrest in Tirgu Mures in March 1990] this afternoon. [passage omitted]

[Totfalusi] You have mentioned that you visited areas populated by Hungarians. Also, as far as I know, the fact that the Romanian Army has built barracks in those areas was also mentioned here. I do not know whether this fact overshadows these good relations or not, but I wonder if it contradicts these good relations.

[Keleti] The question of where to build barracks and where to settle training bases that are needed is an internal Romanian matter. However, I think that the meeting at Csikszereda—where we could meet the mayor, the prefect, and the county leaders of the HDUR [Hungarian Democratic Union of Romania]—showed specifically that the Romanian minister is open to these problems. As a matter of fact, it has been mentioned that the Romanian Air Force has disturbed certain religious ceremonies several times over the past year—specifically in Csikszereda, where MiG-21 aircraft conducted low-altitude flights over the buildings. The Romanian minister has promised that these kind of things will not happen in the future. Similarly, the building of certain barracks and army officers' homes has been raised with regard to Szekelyudvarhely [Odorheiu Secuiesc]. There was again an opportunity here for the Romanian minister to discuss this matter on the spot with the chairman of the local council, who is a Hungarian man. I am convinced that these consultations were very good. At the same time, I also had the opportunity to announce that we would also like to help. The law—which is to come into effect in Romania in the near future and which is already being implemented—makes it possible for former soldiers to receive some kind of benefits and obliges us to help find the necessary data in the Hungarian military archives. The Romanian minister showed willingness to solve this problem. If the HDUR's county organizations collect these requests, the issue can be solved by express mail between the two countries' Defense Ministries. I personally have taken measures recently to speed up this work in the Hungarian Army's central archives in order to help those who can get some kind of benefits based on the Romanian law, which is more favorable for them.

[Totfalusi] [passage omitted]

[Keleti] I can imagine cooperation between the armies and the ministries in the near future, not only in military fields and exercises, but in various other forms as well. [passage omitted]

[Totfalusi] [passage omitted] What is the next step in joining NATO, in the context of Hungarian-Romanian relations?

[Keleti] The intention to join NATO was announced within a very short period, for we know that both Romania and Hungary had earlier indicated their intention in this regard. After this, the signing of the Partnership for Peace program took place. All countries of the region have already signed this. Recently, we Hungarians also handed in an individual program in Brussels. This includes a series of programs. Romania had submitted their program before us. However, the question of who submitted it first and who did it later has no significance at all, since we are talking about tasks for next year.

I am glad to say that we have also come to a kind of agreement in this respect. The Romanian minister has invited a Hungarian subordinate unit to join a Romanian exercise, which is to take place within the framework of the Partnership for Peace program. On behalf of the Hungarian soldiers, I have accepted this invitation. Similarly, I have invited a Romanian subordinate unit to the exercise that—also in the framework of this program—will take place with the participation of Hungarian, British, and German soldiers in Hungary this November.

[Totfalusi] I will ask Imre Mecs about the same issue, that is the question of joining NATO. Do you agree on this matter?

[Mecs] Yes, we fully agree, if for no other reason than because there is no alternative solution to the problem. Both Hungarian-Romanian relations and the matter of joining NATO are of fundamental importance from the point of view of the region's security. It has become clear that a NATO partnership is not an empty phrase, a maneuver diverting attention, but is a series of real joint endeavors, during the course of which we can achieve full membership in NATO within the foreseeable future—within two or three or four years. This is what could guarantee Hungary's full security. However, we should not only think in terms of Hungary, but in terms of the entire region. The security of the entire region is important. From this point of view, it is important that, if we are admitted to NATO, the neighboring countries should also be admitted to NATO within a certain period, depending on how they can fulfill conditions set by Europe and NATO. This is vital. Since these countries started to meet and to adjust to these common norms

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

within the framework of the partnership program, this fact, by itself, increases security before full NATO membership or a central European security system is achieved.

[Keleti] Let me add a sentence. We will hold a series of programs, exercises, and conferences within the framework of the Partnership for Peace program. However, this bilateral cooperation will also be carried out in the spirit of the Partnership for Peace program. This is why I consider this program a very good program. Presumably, the aim of the U.S. experts and NATO leaders who prepared this program must have been that we should not only form relations with NATO members and demonstrate our determination, but we should also demonstrate this intention in our relations with neighboring countries as well. For I am convinced that NATO would not like to admit countries among which there is a conflict situation or lack of understanding, or among which the level of military trust is not high enough, which would exclude their admission into a joint military organization.

[Totfalusi] Mentioning military trust, let us return to Romania. Our colleagues in Transylvania have made recordings. HDUR officials will now question the minister.

[Csaba Takacs, HDUR national executive chairman, identified by caption] Esteemed Mr. Minister, have you any concrete proposals for the future of the two armies' good relations, in a situation where leading officials of the Romanian Government coalition parties use sharp anti-Hungarian and anti-Hungary words in their statements.

[Aron Ballo, journalist, identified by caption] If it is true, the Romanian Army has a strategy for intervention in case of minority conflicts or riots. In my view, it would be a very serious fact if it were true. [passage omitted]

[Csaba Takacs] The HDUR immediately protested against such a plan. [passage omitted] We, in any event, consider any similar plan unjustifiable, because the Hungarian community of Romania has not planned and will not plan any action which would require the intervention of the Romanian Army. On the other hand, we are of the view that the Partnership for Peace program and Romania's NATO membership would also be a guarantee that the army will never be used against the civilian population.

[Totfalusi] Guarantees have been mentioned. Are there any guarantees, Mr. Mecs?

[Mecs] It is a country's internal matter, indeed, what kind of secret plans its army has, or on what its chiefs of staff are working. However, if a country wants to become a member of the European community and NATO, it will have to adjust all its steps to European norms. And these European norms do not allow the use of the army to solve internal ethnic problems. That is to say, we can only say that Romania's rapprochement to the European Union and NATO must be supported, because by this, these alleged but inadmissible plans cannot be prepared and then minorities of any country do not have to be afraid that the army will be deployed against them. These kinds of plans do not comply with the image and norms of Europe.

[Keleti] I asked the Romanian minister about it, since it is only natural that we are interested in this question, but he denied it—as it was also mentioned here that it has officially been denied.

[Totfalusi] Is it possible that some radical circles have this kind of idea, after all?

[Keleti] I think we should look at this in the following way. There are certain circles, not only in Romania, but in other countries as well, which talk about certain wishes, but not on an official level. There are also certain phenomena, which, let me stress again, do not appear on the level of official policy. I think that in Romania's case, we have to look at the official policy, for the simple reason that we are in talks and contact with them, and we want to sign that certain basic treaty with them, if their conditions suit us, too. [passage omitted]

[Keleti] [passage omitted] We have a plan, which we have submitted in the framework of the Partnership for Peace program's individual project. I looked at Imre Mecs, because the parliament's Defense Committee has also discussed and supported this plan. We would establish a NATO language school in Hungary, where Hungarian officers would be taught the French, German, and English languages, and officers from neighboring countries would also be invited here, on request, of course. We even have an offer, which was well received by NATO, for we have discussed it with NATO Secretary General Willy Claes a few days ago, that perhaps NATO officials would come to Hungary and they could learn the Russian language here, because, I think, they could also use that language.

[Totfalusi] [passage omitted] Another question: Has the Hungarian Government decided whether it needs an army?

[Keleti] I think that the government has decided that it needs an army, for the simple reason that the Hungarian Government, in the government program which has been drawn up as a result of coalition talks laid down the need for the army. However, I also want to add here that when the government and the coalition parties assessed the country's security situation. They came to a very precise conclusion: namely, that the main element of guaranteeing security policy is an active foreign policy and military diplomacy, and the army—the maintenance of which is still necessary in this region—is only a final guarantee for the protection of our country's sovereignty and security. [passage omitted]

[Mecs] We must maintain the European standards on the basis of security policy analyses, having examined the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

security situation in our region; this means an army of a certain size with a given capability. [passage omitted]

We must not abandon having an army in this historical period - countries in a better situation than us, for example Austria, have not abandoned the maintenance of an army, indeed it increased the budget by 10 percent last year.

[Totfalusi] Although it reduced the forces.

[Mecs] Yes. That is another professional issue, that the reduction of forces involves an increase in expenditures. The essence, however, is that we willingly agree to reduce the armed forces - but this should be done together in the region. That is why the results of the armed forces reduction talks in Vienna were important, and we would be very pleased if—raising the Romanian-Hungarian military ties to the highest level—we were reciprocally to reduce the armies' forces. Our Romanian friends have the same economic difficulties, the colleagues there have the same battles with their finance minister because of the costs. [passage omitted]

[Keleti] Allow me to say that at the talks with Romanian Defense Minister Tinca, the day before yesterday, there was mention of reducing the forces. And we agreed that if possible, we—in the first quarter or half of next year—would undertake coordination of sorts about the size of our forces, within the framework of implementing the reform of the armed forces of the two armies. I very much trust that this will not be something which remains an issue of solely these two countries—we have proposed such measures with other countries as well.

[Totfalusi] Hence a process could begin in the region. Could Hungary be an initiator of this?

[Keleti] At several places we have said—and Hungarian diplomats involved in the CSCE process have said—that it would be very good if those countries which did not partake in the CFE agreement in Paris, that is arms reduction, were to join in some manner via self-limitation. However, it must be added that this applies to the countries of the former Yugoslavia, also, and we obviously must show a bit patience concerning them since such a thing is possible only after the conflict is resolved. [passage omitted]

[Totfalusi] Imre Mecs, you recently said—and I read this in the press—that in order to develop an army which meets NATO expectations, 300 million to 400 million forints yearly would be necessary.

[Mecs] I said two things. One is that we must accept that membership in NATO involves considerable extra expenditures. I would be very pleased if we were to get by with 300 million to 400 million forints. A multiple of this amount is necessary for this. Therefore, we must be fully aware of this. We must undertake extra expenditures for our security. We currently are in a very difficult situation and we must make a compromise in order to extricate ourselves from the economic difficulties. These 300 million, 400 million, 500 million, 600 million forints are not a considerable amount but they must be ensured for the sake of the Partnership for Peace—moreover as a sum which is set aside, not in the Defense Ministry budget, but in a separate fund from the government. This is in the interest of the entire country and it is in the interest of the government overall. Beyond this, I have said that if we become NATO members in two, three, or four years' time, as we hope, then to be sure we will need an army with fewer people but with modern equipment, one which adapts to the Western standards and is able to fulfill the minimum requirements, and we indeed shall have to devote money to this. [passage omitted]

[Keleti] I can give specific figures. According to our plans, we need 493 million forints in the coming year for the individual tasks undertaken in Partnership for Peace, and this does not include the possibility of Hungary undertaking peacekeeping activities, and of the soldiers who have recently completed their peacekeeping training being deployed in some corner of the world.

[Totfalusi] Has the issue of the technology to be developed, replaced, and so forth been worked out?

[Keleti] This figure does not include technology. To illustrate: If a platoon of ours takes part in a Partnership for Peace exercise in one of the neighboring countries, this will cost 30 million to 35 million forints. If it is a company which takes part, it could cost 50 million forints. Unfortunately, the army and military exercises are not inexpensive. But we must be fully aware that exercises can provide the most important means of assessing the training of soldiers. I believe that a joint exercise, involving the countries of several NATO countries, or the countries participating in the partnership program, could provide us with additional lessons. And properly speaking that is most important—that we should think together, we should exchange outlooks—since it is the basis for changes in the European region.

[Totfalusi] Then why did we not take part in the exercises held recently in the Netherlands and Poland?

[Keleti] I very much regret that this is constantly raised. I have to say that a request concerning this issue, the Polish and Dutch exercise, was sent to the Hungarian Army under the previous government, the deadline for replying expired during the term of the previous government...

[Totfalusi, interrupting] Couldn't anything be done?

[Keleti] They decided no at the time—that we would take part as observers. And this is what happened. The planning of military exercises is not something which takes place in the space of two days. It involves the appropriate preparations—since if our soldiers take part then the receiving country must decide a great deal ranging from rail or air transport to accommodations and provisions, and this cannot be improvised.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Totfalusi] Yet this does not mean that we do not take the question of joining NATO seriously?

[Keleti] Not at all. Indeed, I have met very many military leaders, ministers of NATO countries, as well as the NATO secretary general, Mr. Claes, and nowhere did anyone voice criticism. This criticism is voiced increasingly here in Hungary. And I have been summoned to appear before the parliament's foreign affairs committee in early December concerning this issue. I shall attend and hopefully we shall be able to clarify this issue satisfactorily.

A very important point: We accept certain consequences of the decisions made by the previous government—however we can accept responsibility, in the political and military policy sense, for only the decisions which we have taken. [passage omitted]

[Totfalusi] Ferenc Sass from Sub-Carpathia asks the minister what is meant by reducing the duration of military service in the army—will this not be disadvantageous from the viewpoint of the country's security?

[Keleti] Allow me to say a few things about the budget. When the macrofigures of the budget took shape, within the government, I naturally supported the interests of the army. I managed to make some headway. Allow me to recall that the professional soldiers in the army have the possibility of obtaining a 10 percent wage increase according to the current draft budget.

We must be aware, however, of the fact that the country's economic situation is difficult. This means that every single forint allocated to the army—and if we want there to be a qualitative change this is not one or two forints, but we would have to increase the budget by 10, 20, or 30 billion forints, and this is inconceivable now since the government and the parliament must, by means of the budget, preserve the real value of pensions, they must fulfill social welfare tasks, they must fulfill tasks related to the creation of jobs, employment policy. [sentence as heard] For this reason, along with the military budget which will increase in nominal value, we believe that a situation could take shape from 1996 onwards in which we could undergo greater development on the basis of the economic results.

Regarding the reduction of forces, I should like to say again that we shall do this only when this is made possible on the basis of analysis of the region's security situation. This past August—this year but during the new government—we reduced the number of conscripts called up by 2,000, and within a few days we shall present to parliament's defense committee the proposal for 1,600 to 1,800 fewer to be called up in February. And according to our plans, we wish to call up 5,000 fewer young people for military service in August of next year. There are several explanations for this. We should like to alter the structure of the army, to utilize the existing professional soldiers and conscripts in a more effective and—I put this in quotation marks—a more efficient manner. I must also say that a demographic trough is taking shape, in which there are fewer young people who are reaching the age of being liable for military service. Unfortunately I must add that the number of those who are unsuited to military service for health reasons is increasing, and according to medical predictions this number will continue to increase. So we must consider these factors.

Another consideration is that we should like to increase the proportion of professional soldiers, or contractual soldiers. The two coalition parties [Hungarian Socialist Party and Alliance of Free Democrats] are agreed that from 2000 until 2010, we would like to develop a professional army which would be a versatile professional army of greater military capability, with modern technology. [passage omitted]

[Totfalusi] A viewer from Slovakia would like to ask the minister a question. There are new leaders in Slovakia, heading the ministries—including the Ministry of Defense. How do you view relations—what will the future hold? Will it be possible to continue the good relationship, or could it be similar to our relations with Romania?

[Keleti] I have met the Slovak minister on several occasions—three times—recently. They do not yet have a new defense minister, so Kanis is still performing this role. And according to my information the process of forming a government there could still go on for long weeks—possibly until the end of the year or even later. Therefore, I believe that issues concerning concrete cooperation will have to be discussed with the new minister or with the current one, if he is confirmed. I can say that the basis of the relationship between the two countries is good. There are agreements, cooperation agreements between the two armies, ministries, and commands. I believe that in their case too, there is a possibility of affirming the good-neighborly relationship in the military sphere. I should like to hold talks again with the new, or [word indistinct] minister, and conclude a comprehensive agreement on these issues.

[Totfalusi] Two questions have come in from Sub-Carpathia; they are addressed to the minister. Does Mr. Minister believe that Ukraine might become a buffer zone between Russia and the countries of the former Warsaw Treaty? And the second question: Does Hungary envision the possibility of the Russian empire being restored, and Russian interests prevailing from the Tisza to Kamchatka?

[Keleti] Both questions are very difficult. I believe that certain political power lines are beginning to take shape. I am not pleased to hear Russian statements which criticize this region's accession to NATO. And if I manage to meet Russian Defense Minister Grachev at the end of December, I will tell him that joining NATO is Hungary's sovereign decision. Therefore, I believe that it will be necessary, in the coming weeks and months—at the CSCE summit in Budapest as well—to sketch out

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

precisely the political power relations that will shape the relations in this region in the coming months and years.

I believe that Ukraine is in a particular situation from this viewpoint. It is true that Ukraine lies between the Central European countries and Russia. They also are contending with serious economic problems in building and developing the army. And we know that there are problems with internal supplies. I do not believe that the Ukraine leadership wants to be a buffer zone. I think that they, joining this region, will work on creating a defense doctrine that serves the defense of solely the country's sovereignty.

[Totfalusi] Let us now return briefly to Hungary—our correspondents have asked people on the street what they think of alternative military service [as heard].

[Begin recording] [Unidentified correspondent] What is your opinion of compulsory military service?

[Unidentified man] I would prefer it if we had a permanent mercenary army, and if that was what we spent our money on instead of on the current conscript system. [passage omitted] [end recording]

[Totfalusi] The picture depicted here is rather one sided, and not exactly positive.

[Keleti] I agree with them. We should like to reduce military service. We plan in the first half of 1996 to begin a gradual transition to a situation in which military service lasts nine to ten months. Those people are completely right—that if people are called up, then they should be engaged in a sensible manner, in accordance with the aims of the country's defense, and this should hold for the entire duration of military training. At the same time I am pleased that everyone—or almost everyone—admitted the necessity of military service. Even if there is a professional army, no one should believe that a professional army of a given size could defend this country's sovereignty in an emergency situation. I believe that the defense of the homeland is the duty of every citizen. [passage omitted]

Government To Close, Open Diplomatic Missions

LD2111225894 Budapest Kossuth Radio Network in Hungarian 1900 GMT 21 Nov 94

[FBIS Translated Text] The Foreign Ministry is to close at least six of its foreign diplomatic missions, Spokesman Gabor Szentivanyi has announced.

The majority of missions to close have been operating in the developing world. The government will have the final say in the matter of closures, and the slimming down process is expected to be completed by the end of next year, the spokesman said, while not naming the foreign diplomatic missions.

Parallel with the closures, Hungary is to open two or three new embassies in Europe and Asia.

Installation of Microwave GSM Completed

BR2211115894 Swanley MOBILE EUROPE in English Nov 94 p 10

[Unattributed article: "Microwave Helps GSM in Hungary"]

[FBIS Transcribed Text] Microwave radio equipment manufactured by Microwave Networks Incorporated (MNI) has been installed for the first and second implementation phases of a $US350 million cellular network in Hungary. Pannon GSM, with the assistance of Aurimpex Technologies Inc. has increased cellular comunications significantly in Budapest, by installing MNI's radio systems for network transmission. Pannon GSM is establishing complete coverage of a GSM cellular service in Hungary within the next five to ten years.

In Hungary, Theo Basch, President of Aurimpex Technologies, commented on the project: "At the end of summer, we had completed installations of 150 cell sites at a rate of almost one hop per day in the Balaton Lake area, Budapest and along the major highways."

Installation services for the second phase are being provided by TKI (Research Institute for Telecommunications, Budapest), who successfully executed installation of a complete network of 23 GHz radios for the first phase of the project. The initial network was shipped and delivered to the cell sites and installed in fewer than 30 days after frequency assignments.

Pannon GSM is a consortium of five Nordic post telephone and telegraph (PTT) administrations in Sweden, Norway, Denmark, the Netherlands and Finland, the Hungarian Oil Company (M.O.L.) and two other Hungarian companies. Pannon is coordinating all aspects of the project.

MNI's partner in Hungary, Aurimpex Technologies Inc., and Antel Kft., a subsidiary of Aurimpex, distributes and installs microwave equipment throughout Hungary mainly for the telephone company and utility/power company.

Ukrainian-Hungarian Relations, Minority Issues

95CH0022B Uzhhorod KARPATI IGAZ SZO in Hungarian 15 Oct 94 pp 1-2

[Interview with Szerhij Usztics (Serhiy Ustych), chairman of the Transcarpathian Oblast Council, by Lujza Baksa; place and date not given: "One Hundred Days: Has Something Begun?"]

[FBIS Translated Excerpt] [passage omitted] [Baksa] You recently visited Budapest as a member of the Ukrainian parliamentary delegation. Were the problems of Subcarpathia [Transcarpathia] raised in the talks?

[Usztics] Whatever question was on the agenda, it had a direct or indirect bearing on our oblast. After all, Subcarpathia borders on Hungary. The border-crossing

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

points are also among our greatest problems, although the oblast does not have jurisdiction over them. At present the [Csap(Chop)-Zahony] Tisza bridge is a big headache for the Hungarian side as well as ourselves. Its renovation cannot be delayed any longer. But neither country has money for this. The only solution we see in the present situation is to include foreign and domestic contractors in financing the work. But the problems with border-crossing would not be solved even so. For the other side of this question is: Where to divert traffic while the bridge's renovation is in progress? The work could take months, but passenger and freight traffic cannot be suspended for the duration.

And while we are on border-crossings, I wish to mention that in the Budapest talks I raised the issue that simplified [formalities for] cross-border local traffic apply to the residents of merely 62 settlements. The others rightfully complain that, so far, this benefit has not been extended to them. Quite frankly, I am unable to explain to people why they have been excluded from this benefit.

[Baksa] Mr. Chairman, you are a member of the joint Hungarian-Ukrainian intergovernmental committee concerned with the problems of ethnic minorities. I assume that this committee has considered the question of the Hungarian college that is to open in Beregszasz [Berehove], with help from Nyiregyhaza. Then how is it possible that this college has not been certified?

[Usztics] The founding of the Hungarian college is a local initiative, rather than the result of an agreement between the two countries. Therefore, it has not been discussed by the intergovernmental committee. A decision on opening the college ought to have been made at the level of the two ministries of education.

[Baksa] Our oblast is a founding member of the Carpathian Euroregion [Carpathia-Tisza Economic Working Community]. To what extent is this community contributing toward Subcarpathia's economic development?

[Usztics] To a considerable extent. Already financially. We have received 140,000 dollars (US) for a regional center to train cadres. Also a grant of $10,000 from an international foundation, for the construction of an oblast hospital. A children's home is getting a grant of the same amount from the foundation. And it seems that, through the community, we will be able to get between $500,000 and $600,000 of aid for the renovation of the Tisza bridge. But the Carpathian Euroregion's significance is primarily moral, rather than financial. I am convinced that cooperation between neighboring countries—their joint search for solutions to the problems and economic difficulties, the fostering of mutual friendship and cultural relations—contributes significantly toward our living in peace, free of ethnic conflicts.

[Baksa] The members of parliament for Subcarpathia have contacted their counterparts for Szabolcs-Szatmar-Bereg County and wish to cooperate closely with them in the future. Why?

[Usztics] Once again, to be able to solve more successfully the problems affecting both [the oblast and the county], and to exert more influence on the implementation of central decisions.

[Baksa] Thank you for the interview.

Coalition Partners Said To Disagree on Land Law

95CH0033C Budapest UJ MAGYARORSZAG in Hungarian 1 Oct 94 pp 6

[Interview with Pal Juhasz, agricultural expert of the Alliance of Free Democrats, by unidentified correspondent; place and date not given: "On Land Ownership by Foreigners; MDF-SZDSZ Agreement"]

[FBIS Translated Text] *Certain parts of the current land law which are supported by the Hungarian Socialist Party [MSZP] are antagonistic to agriculture, and especially to small landowners, because they render the flow of capital into agriculture more difficult. As Pal Juhasz, agricultural expert of the Alliance of Free Democrats [SZDSZ] told UJ MAGYARORSZAG, the acquisition of land in Hungary by foreign companies should also be made possible. Posing the question could lead to tension within the government coalition.*

[Juhasz] The current land law is antagonistic to small landowners because on the one hand, it forbids land ownership by corporations, that is to say, hardly anyone can be a sleeping partner of a farmer, on the other hand, it does not provide a mechanism for a foreigner to acquire land. In general it is not necessary for foreigners to acquire land, but if we are dealing with serious producers who through land acquisition want guarantees for their production investments, it should be permitted under appropriate conditions.

[UJ MAGYARORSZAG] What would these conditions look like?

[Juhasz] Formally, the agreement of the local community of farmers, and in practice, an offer by the firm to provide additional market or production possibilities for the local producers. In this way, foreign ownership could theoretically be as much as 100 percent, because in the past few years serious investment in agriculture came almost exclusively from foreigners. A good example of our ideas is the large German company which was formed in place of the Nagybereg State Farm which, by means of the imported modern technology, became the country's most significant agricultural plant with a high rate of employment and investment. The Hungarian state could only implement something like this with a subsidy of several billion forints. If we forbid this, too, I think we will do something foolish.

[UJ MAGYARORSZAG] One hears that the MSZP does not support your ideas....

[Juhasz] I am not especially interested in politicians. The time will come when the farmers themselves will demand the modification of the law. We will have to bide our time.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Reacting to the proposal, Gyorgy Rasko, parliamentary representative of the Hungarian Democratic Forum, said that if the conditions stipulated by Pal Szabo are indeed met, he would be in favor of the proposal. The idea of "sweet Hungarian land" should be abandoned, and if the foreign investor undertakes to operate the property for an extended period, he should have the possibility to do so. However, a long-term contract is important so that the property would not become a ruinous exploitation of the land, and the purchase should take place considering the will of the producers.

Five-Percent Drop in Real Wages Predicted

95CH0014B Budapest FIGYELO in Hungarian 29 Sep 94 pp 14-15

[Article by Csaba Vertes, with assistance from the Ministry of Labor and the Labor Affairs Research Institute: "Recommendations and Wishes"]

[FBIS Translated Text] *Wages are not being regulated; the system of wage agreements barely functions. If this is so, what good does it do to have a wage policy concept?*

It is not worth dealing with short term wage policy concepts that apply to a single year only, because wage policies are inherently based on concepts presumed to be valid for longer periods of time. Here and now, however, one cannot even plan for as short a period as three years, because one would be hard put to reliably prognosticate management conditions even for the next three-year period starting in 1995 and ending in 1998. Even the Ministry of Labor was unable to do better than to state and recommend to the government's attention its wage policy concepts for the upcoming one year period.

Is The Enforcement Of Societal Interest An Elementary Governmental Interest?

One by one, let us take a look at the possible and desirable goals of governmental wage policies!

1. Change the wage trend—a trend somewhat independent from economic performance—without imposing any restriction on increased economic performance. (Let us add here: This is a very difficult, practically unattainable goal. Not even the most stringent administrative rules were capable of accomplishing this, because performance, the capability to perform, depends on the joint effect of a large number of conditions, while wage increments represent elementary existential conditions. Squeezing out performance first, then paying less than what would be proportionate to performance can only lead to reduced performance.)

2. Reach a wage agreement at the macroeconomic level, an agreement consistent with governmental anti-inflationary policies. (Even though the inflationary pressure created by wage increments during the past four years was lower than the present, politically proper, claimed level, as can be seen from the situation described in the introduction....)

3. The wage agreements system that took the place of the earlier administrative rules functions so-so, generally at the "upper level," but it barely functions at the "mid-level and in the micro-sphere." Accordingly, the task that is definitive also from the standpoint of wage policies, is given. (The big question is whether the enforcement of interests at the societal level, and the strengthening of interest groups is an elementary governmental interest. Interest groups are, by all means, suitable for enforcing interests, and competent regarding wage agreements.)

4. Reducing tensions stemming from existing income disparities, which cannot be tolerated even in the short term, and preventing the possible development of new disparities. (If for none other but the fact that excessive differences in the income of various groups of occupations—just as excessively even income levels—cause tensions in the labor market. This can be reduced only with difficulty, or not at all. But unbalanced labor market conditions can also lead to income tensions.—See the boxed item below for today's earning proportions and ratios.)

The Practical Consequence Of Next Year's Wage Policies Is A 5 Percent Decline In Real Wages

These four, most important wage policy goals defined by the Ministry of Labor must be viewed from the vantage point of two large groups: entrepreneurs operating in the competitive market, and institutions funded by the state budget. Action to achieve the above-described goals cannot be uniformly taken with respect to the two groups, at the same time, however—we are cautioned by Labor Ministry officials—governmental wage policies must not make rigid distinctions between the two groups. In essence, the employees in both groups are part of one and the same labor market functioning in the same economic environment. And insofar as these employees are concerned, the government cannot expect any support for its wage policies, if—consciously, or only as a result of clumsiness—these policies characteristically make long term distinctions between wage increments to which employees in the competitive sphere, and employees in state-funded institutions are entitled.

The practical consequence of this very short term wage policy would be a 5 percent drop in real wages next year. This might be acceptable, but only if the government does everything it can to expose income generated in the illegal economy. And then, only if the government sees to it that gross earnings increase by 16-17 percent along with an approximate 20 percent increase in consumer prices after accepting the above-mentioned 5 percent drop in real wages, assuming, of course, that tax rules remain unchanged. (The ministry competent in these matters believes that gross earnings can be increased by 16-17 percent.) And then: Demands for wage increments by persons earning an income near the minimum wage level would probably become acceptable; the chances for streamlining wage increments granted within the two large groups of employees would be improved, and last,

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

but not least, there would be a slight chance for moderating somewhat the incremental wages paid, i.e., improving the competitiveness of the productive sphere.

Government decisionmakers must be aware of the fact that reaching a settlement regarding wages paid in the administrative branch cannot be delayed, because a settlement of this matter next year has been guaranteed by law. They must also be aware of the fact that irrespective of how important it is to halt the growth of the expenditure side of the state budget, the difference in average wage increments that exists between the two large groups can no longer be preserved, if, indeed, the oft-mentioned societal (and economic) agreement represents a serious endeavor. (At least insofar as nominal increments are concerned....) In the opinion of the competent ministry, all this would also mean that the maximum acceptable difference in gross average wage increments would be 2-3 percentage points, to the detriment of institutions funded by the state budget. If this were to mean a more or less 14 percent wage increment, the aggregate amount of public sector wages to be expended would have to be increased next year by about 6 or 7 percents. The rest could be "managed," so to speak, from savings incurred as a result of expected reductions in force affecting about 70,000 people.

This sounds good. But not even several years of permanent constraints imposed upon state expenditures has produced in government circles thoroughly considered ideas for the reduction of wage and material expenditures—specifically, as to which offices and institutions should be subjected to a drastic reducing diet—other than voicing this need in highly general terms. And since such streamlining programs still do no exist, what remains is an appearance of a solution at best: Claiming economic constraints, small reductions in force take place in some places, albeit without considering the fact that wage increases proportionate to the reduction in force cannot be financed from the aggregate wages saved. The savings do not finance the wage increases simply because dismissals are necessarily followed by severance pay, and quite often by respectable sums paid in the form of final settlements.

Unbridled Runaway Wages Do Not Threaten In The Competitive Sphere

Let us now take a look at desirable governmental wage policies that could be implemented in the competitive sphere! Some "macro-level" agreements should be considered as given in this regard, but the greatest problem with these is that they are acceptable only in principle and in general, and that most of these cannot be enforced in practice, "down below." This is so, because the system of agreements and reconciliation consists only of declarations, which barely functions in practice. And if the system does not work in practice, the cancellation of the "agreement" would be followed by, for example, tax penalties, additional hindrances to strengthening the wage agreement system; moreover, by the creation of increasingly favorable positions for the illegal economy, which is rapidly gaining strength anyway.

The threat of unbridled runaway wages does not exist, of course, in the competitive sphere either. To the contrary, as proven by previously reported data covering the past four years, most businessmen have managed their available wage funds with moderation. On the other hand, the truth is that the government must, somehow, influence the compensation practices of enterprises in which the state exercises majority control, if such enterprises receive state subsidies, or incur losses.

Insofar as the wage agreement system is not functional, and in this regard it is not functional, the possibility of "selective wage restriction" appears. The term "selective wage restriction" was used by the competent ministry. "Selective wage restriction" manifests itself in statements like these: "In organizations exercising the rights of owners, it should be the function of the person representing the state as the owner to have the managers develop and follow a corporate wage policy based on performance, one that results in wage increments consistent with ET [Interest Reconciliation Council] recommendations." Or: "... the authority will concur with price increases only if wage levels evolve according to expectations." (This, of course, can be enforced only on a very small scale....) And then: "In cases involving state majority ownership, the compensation rate of the number one leader shall also depend on wages paid throughout the enterprise." (Suffice it to say that the easy frustration of these kinds of decreed sanctions is supported by decades of practical experience that has been transmitted from generation to generation.)

The Government Can Recommend Maximum Wage Increases, But Who Abides By These, Is the Question

Let us return now to the chances and possibilities of the competitive sphere to increase wages! The recommended rate of increase for next year is 16-17 percent of the gross average wages, in places where this increment can be supported by improved productivity and profitability. Increments consistent with the inflation rate, i.e., 4 or 5 percentage points in excess of the average wage increments, could be granted only by the best, the most profitable enterprises. Therefore, the government should also make a recommendation regarding maximum wage increases, but considering the difficulty involved in the above-mentioned sanctions, the question is how the government could enforce this recommendation.

Wage regulations do not exist, administrative rules, in the old sense of that term, can no longer be resurrected, and from a practical standpoint, the system of wage agreements does not function. Accordingly, the competent ministry believes that the elements of guarantee in ET agreements should be reinforced. Such reinforcement could take place, for example, by establishing legal requirements obligating employer interest groups to initiate negotiations, and also by having the ET establish a mandatory rule of conduct prescribing that the rate of

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

wage increases to be realized fall between the minimum wage increase, and the recommended average wage increase.

This is how things should be. But this is not how things are going to be. Things will not happen this way, because, however well considered, a wage policy concept which can be implemented in practice in the course of a year does not exist. In other words, the concern is that all efforts made by the competent ministry in this regard amount to none other than part of routine governmental work, which, in the end, could be regarded as the semblance of work only.

[Box, p 14]

Earnings Ratios

The income of employees at institutions supported by the state budget, in comparable work functions, is about 30 percent lower than in the entrepreneurial sphere. This was the situation last year; one cannot tell to what extent the new public employee promotion system in force since 1 January is going to improve this situation. Leave it for the future. Next year. When the new pay system becomes mandatory, but the central funds allocated for this purpose (3 billion forints) is very little.

Within the lagging public sphere, education and health care workers lag farthest behind. The situation in the cultural field and in government administration is somewhat more favorable.

In general, earnings at institutions maintained by local government are far lower than in workplaces financed by the central budget.

Earnings ratios are relatively even in a majority of the branches of the entrepreneurial sphere (even in the absence of a separate wage policy concept), but it is remarkable that as compared to average earnings, the income of persons working in the financial field is extremely high.

Considering the organizational form of employers, the earnings situation is most favorable at stock corporations, and worst in the cooperative sector.

[Box, p 15]

Only

One cannot tell what kind of wage policy concept the government is going to have, but it is certain that this future concept is going to be preceded by precise professional preparation. The competent ministry took pains to remind the government, that one should begin developing next year's wage policy

—**only** in due regard to the economy's capacity to carry the burden,

—**only** by keeping in mind wage policy commitments made previously,

—**only** by taking into account the tolerable (!) extent of differentiation,

—and **only** by taking into account the possible system of means [as published].

If things do not move after all this....

Raising of Automobile Import Quotas Expected

95CH0014C Budapest FIGYELO in Hungarian 29 Sep 94 p 8

[Unattributed article: "Automobile Imports; Exhausted Import Quotas"]

[FBIS Translated Text] Hungary has an estimated number of 2.5 million cars; of these 1.95 million have their origins in the so-called CEMA [Council for Mutual Economic Assistance] relationship. This, somewhat surprising information was announced at the Hungarian Automobile Importers Association's press conference, where we also learned that this year 44 percent more cars, and 23 percent more utility vehicles were sold than during the same period last year. During the past eight months members of the Association sold 48,000 new cars, and 7,200 new utility vehicles. Within these overall figures, the sale of small vehicles has increased by 93 percent or 9,500 cars, and sales in the lower bracket of medium size cars has increased by 44 percent (33,000 cars), while sales declined in the rest of the categories.

The importers almost fully utilized the import quota authorized for this year: Based on this, the Association believes that it would be realistic to increase the new car import quota next year from this year's 68,000 cars to 80,000 cars. KERMI [Commercial Quality Control Institute] was the subject of strong criticism at this conference: The importers believe that the often three months long examination procedure for new motor vehicles is unwarranted, senseless, and arbitrary. In the Association's view a technical examination by the Transportation Superintendency would be sufficient, while KERMI would do better concentrating on the used car market. The Superintendency issues the necessary type certificates in three or four days.

Importers pin high hopes to the upcoming new customs law. Based on this law, the upper value limit for private purpose free imports would be ECU1,250, (presently about 160,000-170,000 forints). Above that limit, products within the appropriate category (thus, for example, motor vehicles) would be subject to permits, as a result of which the number of "gray" imports could be reduced, the Association hopes.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Polish Soldiers in Krajina Rotated, Resupplied

LD2111131394 Warsaw Radio Warszawa Network in Polish 1200 GMT 21 Nov 94

[FBIS Translated Text] Access roads to the four Polish outposts in the Bihac area, in northwestern Bosnia, were unblocked yesterday. According to announcements from the Ministry of National Defense, which are based on reports from Polish commanders in Croatia, the Serbs, following intensive negotiations, agreed to supply water, food, and fuel to Polish soldiers. The replenished supplies will last for two weeks. Soldiers guarding the outposts were also exchanged. It was also reported that these outposts had not been under fire.

At the moment, there are about 30 soldiers there. Talks with the Serbs, aimed at improving their situation, are continuing.

Weekly Alleges Corruption in Pawlak Government

WS1811133094 Poznan WPROST in Polish 20 Nov 94 pp 25-27

[Article by Eryk Mistewicz and Artur Witoszek in cooperation with Krzysztof Wojda: "The Prime Minister's Femme Fatale"]

[FBIS Translated Excerpt] InterAms, a company owned by Pawel Zdunek, a friend of Waldemar Pawlak from university days, until recently still computerized, with taxpayers' money, the state administration. It is now on the verge of bankruptcy. How did it happen that InterAms was selected for this lucrative contract? Does Anna M., a close acquaintance of Prime Minister Pawlak and president Zdunek, hold the key to this mystery?

InterAms previously supplied computers to, for instance, the National Bank of Poland [NBP], the General Savings Bank-National Bank [PKO BP], the Main Customs Office [GUC], the State Insurance Bureau [PZU], and the Agricultural Social Security Bank [KRUS]. Nearly two weeks before he died, Marceli M., deputy president for finance at InterAms, told us what the success of this now nearly bankrupt company was.

In the beginning, Marceli M. was afraid to talk. Other people we tried to speak with were also scared. When we asked questions about InterAms, the connection the head of the company had with politicians, and the role played by Anna M., many people did not hide their fear.

InterAms was run from the very beginning by Pawel Zdunek, a friend of Waldemar Pawlak from academic years and an acquaintance of Anna M. One of the key posts in the Office of the Council of Ministers [URM], under secretary of state, is occupied by Jan Zagajewski, a relative of Anna M.

Who Is Anna M.?

Huge contracts in InterAms were supervised, very efficiently, by two women: Ewa H. and Anna M. The latter appeared at the company for the first time in the spring of 1993, enjoying special privileges from the start, including a "permanent pass to the president," Pawel Zdunek. A few years earlier, Anna M. also had a "permanent pass to the president," then president of the Chief Executive Council of the Polish Peasant Party and eventually prime minister of the Council of Ministers, Waldemar Pawlak. [passage omitted on details of Anna M.'s career and divorce, following which she changed her name to Anna K.]

During the 33 days Prime Minister Pawlak was in office, Anna K. (...)

Made an Instant Career at URM

She began as the prime minister's secretary, then became head of his office, and, finally, director general of URM. Her salary, like in the Chief Executive Council of the Polish Peasant party [NKW PSL], was calculated on the basis of the highest earnings possible. She had a Lancia at her disposal. Similarly to when she worked at the NKW PSL, she enjoyed the special attention of her boss. And she had a lot of power. One high state official protested when an urgent and top priority report on state security was snatched from his hands by Anna K. He filed a protest with the prime minister—to no avail.

On 10 July 1992, after failing to form a government, Pawlak ceased to be prime minister. His resignation coincided with the appointment of Anna K. as state official, which entitled her to several months' leave pay. [passage omitted].

It was Anna K. who introduced her uncle, Jan Zagajewski, to Waldemar Pawlak at a meeting in the manor house in Pecice near Warsaw in the spring of 1992. Zagajewski previously worked as head of the school workshops at the Complex of School Buildings in Pruszkow. He also dealt with, for instance, water and gas installations. Since 1982, he was president of the board at the Cooperative Training Center.

In June 1992, Zagajewski was nominated director general of URM by Waldemar Pawlak. Not for long. He left office after the "33 days." He returned to URM, together with Waldemar Pawlak, at the end of 1993, this time as secretary of state. The Government Press Office does not have an official job description of his duties.

It Was With Minister Jan Zagajewski's Consent That the URM-InterAms Contract Was Finalized

"Prime Minister Pawlak was the author of the idea to establish a government e-mail network between ministries," says Andrzej Florczyk, head of the Information Bureau at URM. "Two billion zlotys [Z] were invested by URM, Minister Zagajewski took charge of finance, and the rest was covered by the ministries."

Anna M. began working in InterAms in the spring of 1993. [passage omitted].

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

What do we know about InterAms as a limited liability company? The company has revolutionized the contract market for computerizing state administration offices. Let us remember that InterAms supplied computer equipment to the NBP, the PKO BP, GUC, the PZU, and KRUS. "The word 'tender' was given a new meaning," comments the head of a rival company.

"When selecting employees, we paid attention to their possibilities, their contacts, and their connections. On the basis of this and promising to employ in InterAms individuals who could contribute to the wealth of the company for various reasons, we built Zdunek's empire," says one member of the InterAms board. This is how the company came to employ Wlodzimierz S., from the tax inspection office, who was promoted to director (previously he had worked in the office that controlled the company); Adam B., formerly an employee of the Kredyt Bank (which granted InterAms credits); and Bogdan N., formerly head of the Customs Statistics and Information Bureau at the main Customs Office, who cooperated with the company.

InterAms employees say that a huge role was played by (...)

President Zdunek's Contacts and the Favors He Rendered to High-Ranking Individuals From Outside the Company

"Pawel Zdunek often said that he had a lot of pull. He created an aura of being omnipotent," says Andrzej K., a former employee of InterAms. K. describes the condition of InterAms as tragic.

"InterAms is on the verge of bankruptcy. The company's debts," as ComputerLand Polska, one of the largest computer companies in the country, claims, "are nearly Z200 billion, Z100 billion of which is owed to IBM, about Z60 billion to the Deposit and Credit Bank [Bank Depozytowo-Kredytowy] in Lublin, and approximately Z20 billion to the State Treasury (mainly due to unpaid VAT [value-added tax])." Pawel Zdunek denies the multibillion debt. He does confirm, however, that the Deposit and Credit Bank in Lublin has confiscated his personal property and the company's. "InterAms will collapse before the end of November 1994," says Tomasz Sielicki, president of the board at ComputerLand, a company that is now taking over InterAms clients. "The agreement between ComputerLand and InterAms is also to secure and protect InterAms clients, as well as guarantee that its trade partners' interests are met," we read in a cooperation agreement between the two companies.

Can InterAms Yet Be Saved From a Catastrophe by, for Example, More Government Contracts?

The Council of Ministers has decided to include Z350 billion for computer investments in the budget bill draft for 1995.

"Anna M., Jan Zagajewski, and Pawel Zdunek," said Marceli M., formerly deputy president for finance at InterAms, "were, are, and still may be guarantors of the private company's success. And a fourth person, the prime minister."

Marceli M. died of a heart attack on 28 October 1994.

Walesa-Pawlak-SLD, Presidential Election

WS2111130894 Warsaw GAZETA SWIATECZNA in Polish 19-20 Nov 94 p 3

[Article by Agata Nowakowska: "Pawlak Between the SLD and Walesa; Battle for Prime Minister"]

[FBIS Translated Text] The Democratic Left Alliance [SLD] wants to deprive Walesa of his favorite Belweder ministry, the Ministry of National Defense [MON]. He wants the Polish Peasant Party [PSL] to commit this "crime." This joint campaign is supposed to break up the Pawlak-Walesa tandem and enhance the SLD's influence within the government.

The SLD is convinced that, behind its back, the prime minister is cooperating with Walesa. The SLD cites many examples: the dismissal of Marek Borowski from the post of finance minister, the blocking of the nomination of Marek Siwiec as deputy minister in the Ministry of Foreign Affairs, the dismissal of Piotr Kolodziejczyk.

Pawlak To Be Prime Minister Forever

An influential SLD politician tried to persuade us (and he even outlined a concept) that, in return for support in the second round of the presidential election, Walesa promised Waldemar Pawlak that he would be prime minister until the year 2000 (that is, until the end of Walesa's second term of office).

According to the SLD, the peasants believe that they will always be able to collect between 15 and 18 percent of the votes in the countryside, and it will not be possible to form a government without them. A condition for the PSL to enter any coalition is the post of prime minister for Pawlak. "This is what Walesa promised Pawlak, no matter what the political configuration in the future government," our SLD interlocutor says.

SLD politicians seem to believe that Walesa will be the rival of Aleksander Kwasniewski (or some other SLD candidate) in the second round of the presidential election. They unanimously say: "The post-Solidarity camp will not field its own candidate. Voters may then decide that only Walesa will be able to defeat Aleksander."

Right-Wing Pawlak

So far, the SLD has not been able to cut a deal between Pawlak and the Belweder. The price for this has a rather small influence on the prime minister and on the government. The SLD knows that right now it has no chance to form a coalition with the Freedom Union [UW].

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Indeed, it is possible to prepare conditions for such a government, but even the very pro-UW Kwasniewski does not believe such a government will be formed soon.

A minority government formed by the PSL is also out of the question. According to Jerzy Szmajdzinski, general secretary of the Social Democracy of the Polish Republic, it would make things easier for the Belweder. It would not survive until the end of its term. Then, the SLD claims, we would have an earlier election, and the right wing would be in the Sejm (to show its gratitude, it would back Walesa in the presidential election). In addition, there would be no chance to pass a "leftist constitution." Finally, we might even have a joint government of the PSL and the right wing.

Maneuvering Pawlak

Pawlak often seeks support in the Belweder so as not to allow himself to be dominated by the stronger member of the coalition. However, the SLD's suspicions concerning a clandestine pact between "Walesa and Pawlak until the year 2000" are an exaggeration.

It is more likely that the prime minister is simply maneuvering between the president and Kwasniewski. He has acted disloyally toward the SLD several times. However, against the Belweder, he supported Dariusz Rosati, the SLD's candidate for Borowski's successor as finance minister. He did not do this readily but, with his back to the wall, said that Rosati was a candidate of the coalition.

As for Walesa, he supports Pawlak on purpose. The more disputes within the coalition, the better the situation of the Belweder. Such disputes weaken the position of the SLD and Kwasniewski, who is today the most serious candidate for president.

Warring Pawlak

The SLD is hoping that it will finally manage to loosen the ties between the prime minister and the president. It is weakly proposing the idea of "our prime minister, your president." It proposes that the peasants field a joint candidate with them, a PSL candidate. In return for that, Kwasniewski would get the portfolio of prime minister. However, the PSL has laughed this off.

The SLD is also trying to persuade Pawlak not to agree to the Belweder-imposed candidate for the head of the National Defense Ministry. The SLD is proposing: The coalition will propose its own candidate or several candidates, and the president will select the one he likes best. According to the SLD, such a decision was already made at the last meeting of the coalition members.

What will the prime minister choose: a war with the SLD or with the Belweder?

SLD Sejm Official Reacts to Walesa TV Interview

LD2111213594 Warsaw Third Program Radio Network in Polish 2100 GMT 21 Nov 94

[FBIS Translated Text] The television statement by President Lech Walesa on the Sunday "Special Line" program regarding the introduction of a presidential system in Poland will have to be considered by the Sejm Constitutional Commission, Deputy Jerzy Jaskiernia of the Democratic Left Alliance [SLD] has said. In his view, Walesa presented an outline of a system in which the president rules but is not responsible. Either this is a misunderstanding consequent upon incomprehension of the essence of this system, or it is a certain kind of game, with the aim of justifying what the president has not done, added the deputy. Jerzy Jaskiernia is chairman of the Sejm Legislative Commission and a member of the National Assembly Constitutional Commission.

PC Chairman, Solidarity Head Discuss Cooperation

WS2211141194 Warsaw RZECZPOSPOLITA in Polish 22 Nov 94 p 2

[Article by by M.D.Z.: "Meeting of J. Kaczynski and M. Krzaklewski; A Platform of Opposition"]

[FBIS Translated Text] Center Accord [PC] Chairman Jaroslaw Kaczynski met over the weekend in Gdansk with Solidarity ["S"] Chairman Marian Krzaklewski. The politicians discussed, among other topics, the possibility of waging a joint campaign before the constitutional referendum, as well as cooperation going into next year's presidential election.

"Mr. Krzaklewski and I discussed a joint platform of opposition to the draft constitution being prepared by the National Assembly," RZECZPOSPOLITA learned from Kaczynski. "S" leaders as well as leaders of center-right parties that are cooperating closely with it are hoping that the "S" draft constitution will be accepted by the entire right wing. However, at least a portion of the Covenant for Poland [PdP] is not very favorably disposed toward the draft. It is worth recalling that the PdP has prepared its own bill of the Basic Law, but it did not collect people's signatures in support of it, nor did it submit it to the parliamentary Constitutional Committee. "It would be difficult for us to accept all of the provisions of the civic draft constitution. There are many things in it with which we disagree. However, we do not want to advertise these differences," says Jaroslaw Kaczynski.

Leaders of the Christian-National Union, a group whose relations with the PC have not been very good of late, are also counting on close cooperation with "S." It seems, however, that the dispute in the PdP (over participation of Szeremietiew's Movement for the Republic in this coalition) may be resolved through the mediation of activists of the Polish Peasant Party-Peasant Accord. These activists and PC leaders have already agreed upon a "truce" plan. "However, what must be finally elucidated is the attitude of Romuald Szeremietiew toward the present government and toward the possibility of his assuming a ministerial post in the Pawlak Cabinet," Kaczynski stresses. "Mr. Szeremietiew's efforts to get the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

ministerial portfolio ended in ridicule for him. In addition, they were in vain. We cannot agree to a situation in which the participants of our coalition are allowed to do anything they wish. Then they might even begin treating the Democratic Left Alliance as an ally."

Kaczynski does not conceal his conviction, however, that the PdP is going through a crisis. "We can see further existence of the PdP through the prism of proposals that would reach much further," the PC leader makes reference to his proposal of dissolving the rightist groups at the same time. "The formula of the PdP has turned out to be politically very inefficient indeed. In addition, it gave rise to many conflicts."

The PC wants to advertise its program of uniting the right wing of the political scene anywhere it can. On 19 November, the PC chairman tried to win the party's "activists" over to his concept. Jaroslaw Kaczynski does not rule out the possibility that some PC leaders may show up at the programmatic conference on unification of the right wing, which will be held in Krakow on 18 December by the Secretariat of Center Rightist Groupings.

Coalition Discusses Defense Minister Appointment

LD2211112494 Warsaw Radio Warszawa Network in Polish 1000 GMT 22 Nov 94

[FBIS Translated Text] The appointment of the new national defense minister is the main subject of Prime Minister Waldemar Pawlak's meeting with Aleksander Kwasniewski, the Democratic Left Alliance [SLD] leader. Sejm Speaker Jozef Oleksy, Deputy Sejm Speaker Jozef Zych, Senate Speaker Adam Struzik, and Sejm Defense Commission Chairman Jerzy Szmajdzinski are also participating in the meeting.

Earlier, Aleksander Kwasniewski said that it is not certain if the president will learn the names of the SLD and Polish Peasant Party candidates to succeed Piotr Kolodziejczyk. He explained that the coalition needs to devote more thought to this issue.

GS Chief on Defense Minister Candidate, Budget

LD2111212694 Warsaw TV Polonia Network in Polish 1830 GMT 21 Nov 94

[FBIS Translated Text] [Presenter Dorota Warakomska] The Chief of the General Staff, General Tadeusz Wilecki, has appealed to Sejm deputies for an increase in the Army budget by 2-3 trillion zlotys [Z]. Gen. Wilecki also said that a fast decision is required on the nomination of a new minister of national defense. The Polish Republic Council of the Armed Forces' Commanders met today.

[Reporter] The candidate of President Lech Walesa for civilian defense minister is Zbigniew Wojciech Okonski, until September of this year the deputy minister for foreign economic cooperation concerned with the arms trade. The Democratic Left Alliance-Polish Peasant Party [SLD-PSL] coalition does not yet have an official candidate. Unofficially, it is being said that the SLD would like to see Sejm Deputy Jerzy Wiatr or Sejm Deputy Jerzy Szmajdzinski in this post. According to the Small Constitution, the candidature of the defense minister is presented to the president by the prime minister after consultation with the president. Gen. Wilecki did not wish to say whether the generals spoke about the candidacy of Zbigniew Okonski.

[Begin recording] [Wilecki] This is a political subject. I would not wish to speak out on this subject. I think it would be the best thing if a political decision were made in the shortest period of time on the appointment of a new head of the Defense Ministry. I know Mr. Okonski personally, and I worked with him in the previous period. I think this is a very valuable proposal for the Ministry of National Defense.

[Reporter] You said "head." Is this a slip of the tongue, or would you really like a head and not a minister?

[Wilecki] Well, in this case I do rather think a minister.

[Reporter] During the meeting of the Council of Commanders of the Polish Army, the generals spoke of the fact that, unless the military budget is increased, financial cuts will be necessary in the military medical service and also a reduction of the number of exercises and of the reserves accumulated in case of war.

[Wilecki] We count on the deliberations in the National Defense and Budget Commissions, allowing for an increase in this budget for the armed forces by Z2-3 trillion. We wish to allocate this money solely and exclusively for the procurement of technology from our industry. [end recording]

[Reporter] The present draft budget has allocated just under Z59 trillion to the Defense Ministry.

Still More Biographies of Generals Published

WS2211120094 Warsaw POLSKA ZBROJNA in Polish 17 Nov 94 p 2

[Article by (apw): "Newly Nominated Generals of the Polish Army"]

[FBIS Translated Text] ***Brigadier General Wojciech Kubiak*** is the youngest general promoted to this rank this year. He is 43 years old. He was born in Chojnice, where he finished high school in 1969. He graduated from the Higher Officers School of Armored Troops in 1973 and the Academy of Armored Troops of the Soviet Union in 1980.

During his 25-year-long military service, he held many command offices in line units. He started as a commander of a platoon and ended as the commander of the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

16th Armored Division in Elblag. At each of those posts, he maintained a high level of combat readiness, training, and discipline.

In 1993, after graduating from the Postgraduate Operational-Strategic Studies at the National Defense Academy, he became the deputy chief of staff of the Warsaw Military District in charge of operational affairs. In August of this year, he was promoted to deputy commander of the Pomeranian Military District, where he took charge of training.

He was evaluated very highly at all of the posts he held. He achieved very good results in all spheres of his official activities. He has great accomplishments in the area of introducing rational forms and methods of training personnel reserves. His work is characterized by a high level of involvement and devotion; he can courageously and culturally defend his views.

Gen. Kubiak is married. His wife, Regina, is a food-technology specialist. The Kubiaks have two children: Monika is a first-year student at the Agricultural Academy in Warsaw, and Radoslaw is a primary-school student. The general is interested in history (especially the Middle Ages), military history and the history of wars, and sports and game hunting.

Brigadier General Pilot Tadeusz Kuziora is 45 years old. He was born in Tarnow. After completing high school in 1967, he went to study at the Higher Air Force Officers School and graduated in 1971. He held the following posts: pilot, first-class pilot, and formation commander in the 3d Fighter-Bomber Regiment in Bydgoszcz. In the years 1975 and 1978, he studied at the General Staff Academy of the Polish Army, and, after graduating, he returned to the regiment to hold the post of squadron commander and then to assume that of navigator.

In 1983 he became the deputy commander of the 7th Bombing-and-Reconnaissance Regiment in Powidz, and a year later he already was its commander. In 1986 he began doing staff work in the Command Cadres of the Air Forces. First he was head of the navigation section and then deputy commander of the Air Forces and deputy air-training chief.

In 1993 he graduated from the Postgraduate Operational-Strategic Studies at the National Defense Academy. Since October of this year, he has been the commander of the 3d Bomber-and-Fighter Division in Swidwin.

He has achieved very good results at all of the posts he has held. He is composed and self-possessed, also in special situations. As a pilot, he has mastered very well the art of piloting. He introduced many new ideas to the problems of air training and the securing of flights. While doing this, he took into consideration the Army's and the country's economic situation.

Gen. Kuziora has a military pilot championship certificate. He has more than 2,000 hours of flight time.

His wife, Grazyna, is a employee of the Army. Their son, Mateusz, is a first-year high-school student.

The general is interested in game hunting, skiing, and sailing.

Brigadier General Andrzej Piotrowski is 48 years old. He was born in Tomaszow Mazowiecki, where he completed high school in 1964. He graduated from the Higher Officers School of Rocket and Artillery Troops in Torun in 1967.

For five years, he headed a platoon and then a battery of howitzers in the 22d Artillery Regiment in Sulechow. From 1972 to 1976, he studied at the Command and Artillery Academy of the Soviet Union. After graduation, he was an instructor at the Higher Officers School of Artillery Troops, chief of staff at the 33d Artillery Regiment in Zary, and its commander beginning in 1978. The regiment was at that time one of the leading units as far as their skills and combat readiness was concerned.

In 1982 he became chief of staff of the 3d Artillery Brigade, and in 1984 he was the deputy chief of the Rocket and Artillery Troops in the Silesian Military District. He was then sent to study at the Academy of the General Staff of the Armed Forces of the Soviet Union. After graduation, he became the commander of the 6th Artillery Brigade of Cannons in Torun, which he commanded for five years. He was recognized as a conscientious and demanding commander and a good organizer, capable of getting people together if a task needed to be performed. While he was its commander, the brigade was given a good grade during an Inspection of the Armed Forces and was distinguished by the minister of National Defense and the chief of the Pomeranian Military District.

His accomplishments were appreciated, and in 1991 he was appointed commandant of the Higher Officers School of Rocket and Artillery Troops and, after organizational changes in September of this year, became commandant of the General Jozef Bem Higher Officers School.

Andrzej Piotrowski is married. His wife, Irena, who is an economist, is an employee of a military establishment. The Piotrowskis have two sons: Mariusz followed in the footsteps of his father and graduated from the Higher Officers School of Rocket and Artillery Troops in 1992; he is now the commander of a platoon in the 91st Antitank Regiment in Gniezno. The younger son, Krzysztof, will be a policeman; he is currently a student of the Higher Police School in Szczytno.

Gen. Piotrowski is interested in literature and game hunting. He collects old clocks.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

BGZ Refuses World Bank Advice To Dissolve

WS2211094594 Poznan WPROST in Polish 20 Nov 94 pp 20-22

[Article by Andrzej Zybala in cooperation with Kacper Mackowiak and Jagienka Perlikiewicz: "How Much Will We Pay for the PSL?"]

[FBIS Translated Text] *The Food Industry Bank [BGZ] is soon due to receive 12 trillion zlotys [Z] from the budget; one year earlier it received Z4 trillion. This means that every taxpayer will invest approximately Z800,000 in the political interests of the Polish Peasant Party [PSL]. Meanwhile, the bank's losses have already reached Z24 trillion, and, as experts say, this sum will grow. The Supreme Chamber of Control [NIK] is considering filing a case with the Constitutional Tribunal.*

"This bank's major problem are its political ties," says Jerzy Osiatynski, formerly minister of finance, who did not agree to subsidize the BGZ when Hanna Suchocka's government was in office. He claims that not only the central office but also the regional branches of the bank are staffed by people connected with the PSL.

According to a former high official of the bank who wished to remain anonymous, staffing in branches, just like in the People's Republic, must be consulted with the PSL voivodship authorities. Until 1989, voivodship committees of the Polish United Workers Party also had a say. Even closer ties exist between the majority of cooperative banks united within the BGZ and regional divisions of the peasant party. During the last election campaign, the Ministry of Finance received complaints that party meetings were held in BGZ facilities. Because of that, Janusz Cichosz, the bank's president, was on the national PSL election list, which secured him a seat in the parliament.

The Domination of Political Influences Was Reflected in the Economic Results of the BGZ

In 1992, the amount of so-called bad credits increased 10 times. Last year, the BGZ was able to cover a mere 14 percent of their value, despite the fact that rules of the National Bank of Poland [NBP] require 100-percent reserves for credits that cannot be reclaimed. Official data show that the bank granted credits to at least 1,500 unreliable companies. Recently it has put up for sale overdue liabilities of nearly 1,300 companies, for a value of several trillion zlotys. According to Slawomir Sikora, former head of the bank system department at the Ministry of Finance, losses resulting from bad credits are due not only to the heritage of central investments, which the bank was forced to finance, but also to obvious mistakes made by the former BGZ management.

Although the BGZ does admit to Z21.3 trillion in endangered and irretrievable credits, many experts say that the actual sum is higher. Even bank employees may have problems with establishing the correct figure. According to Arthur Andersen, the company that prepared a report on the bank, the BGZ does not have adequate crediting procedures, and those that are in place are not observed. The Ministry of Finance also received complaints from clients, who claimed that some employees of the bank's branches demanded "under-the-table payment" in exchange for credit. Moreover, it is known that, at the end of 1992, the bank made a loss of Z8 trillion on current operations—that is, without the costs of setting up reserves for overdue credits. Experts claim that, in the following year, the losses doubled. "The BGZ needs about Z30 trillion if it is to meet security requirements," says one bank employee, "and Z24 trillion to attain a zero solvency rate. This amount would have to be increased by a further several trillion if the bank were to meet the 8-percent solvency rate required by the NBP."

The Amount of Losses and Bad Credits May be Compared Only to the Volume of State Budget Expenditures: The Bank's Losses Exceed Expenses on Education and Justice

At the end of 1993, Pawlak's team, despite a budget surplus, refrained from allocating Z2 trillion the previous government had planned for employees of the state sector. Several times that amount is absorbed by the peasant lobby.

Janusz Cichosz, until recently the bank's president, is a PSL deputy. His successor, Kazimierz Olesiak, was a longstanding activist of the United Peasant Party and deputy prime minister in Mieczyslaw Rakowski's government. Most recently, he was head of the Warsaw branch of Rolbank and, according to experts, left it in an "unenviable condition." Remaining board members, apart from the recently employed Agenor J. Gawrzyal, are also connected with the peasant group. Andrzej Zawadzki was department head and secretary of the Warsaw committee of the ZSL, and Stefan Gut a cooperative activist. The Cooperative Horticultural Bank in Warsaw, headed by Andrzej Zawadzki, did not need much time to increase the value of bad credits 16 times.

After 1989, many full-time activists of the ZSL went to agricultural banks. Today, the fatal condition of cooperative banks would require that at least half of them be dissolved. Since the PSL has regained power, there is a visible trend for former peasant activists to move, for instance, from cooperatives to national banks or the state administration. Andrzej Zawadzki, having completed his tenure at a cooperative bank, became head of the Agency for Restructuring and Modernizing Agriculture and, in September, came to the BGZ.

BGZ Bankers Have Become Famous for Financing Credits for Krzysztof Duda, Wiktor Kubiak, and Feliks Siemienas

It would be difficult to imagine the darker side of the history of Polish capitalism without those names. NIK inspectors have established the existence of connections

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

between individuals or single families and credit applications of many companies. For instance, several credit applications were signed with the name Skrobol: J.P. Skrobol and Company from Koszalin, Super Market Hanna and Piotr Skrobol in Pszczyna, Piotr Skrobol Mushroom Subsoil Producers in Sianow, near Koszalin, Domex, PW Kamargo. The majority of audited credit guarantees were also found to be closely related to one company—Batax Ltd. (owned by Wiktor Kubiak). Credits granted to Krzysztof Duda in the amount of Z232 trillion are unrecovable. Feliks Siemienas, who became famous for purchasing a library for former President Reagan, sponsored the BGZ branch in Ostroda. The majority of overdue credits in the bank belonged to that businessman.

According to an anonymous former BGZ employee, there was no network through which the branches could exchange information on credit holders. The central office in Warsaw, which, according to a BGZ report of February 1993, granted approximately 80 percent of credits below standard (reclamation of which is problematic), made no attempt to acquire information on clients in branches operating in their places of residence.

The BGZ incurred another huge loss when it issued guarantees—558 of them (with a total value of $341 million) in the years 1990-92 alone. At the beginning of last year, the bank had to pay almost Z1 trillion to its clients. As many as 15 loans of the audited agreements on guaranteeing credits obtained at other banks were used for aims other than those declared in credit and guarantee applications. This proves that the bank lost interest in clients once they received the money.

In 1991, the BGZ Granted Guarantees in the Amount of Nearly Z7 Trillion, Whereas Its Own Capital Was Four Times Smaller

According to Jerzy Osiatynski, the BGZ does not operate like any other commercial bank, interested in making a profit. In fact, this bank is a burden only to taxpayers and is a rich source of income to the PSL. The party rents the central office space at its headquarters on Pl. Grzybowski for Z14.5 billion. The PSL obtained credit from the BGZ for the election campaign. Thanks to the support and political power of the PSL, the bank was able to sabotage all attempts at reforming it and to disregard warnings issued by the Ministry of Finance.

When in the summer of 1993 Minister Osiatynski turned to the NBP to introduce commissary management in the BGZ, he was met with refusal. According to some politicians, even the central bank did not want to make such a "weighty" decision, especially because at that point everything showed that a change of political guard would take place. The previous governments did not have much influence on the operations of the BGZ management. The bank statute is formulated in such a way that the representative of the Ministry of Finance, holding a 56-percent stake in the capital, has only one vote at the shareholders' meeting.

"The Inviolability of the Bank's President Was Better Protected in the Statute Than the Inviolability of the NBP President..."

...says one of the bank employees. Last year's attempt on the part of NIK to recall the head of the bank ended in failure, despite the fact that multitrillion losses were discovered.

Defenders of the peasants' interests guaranteed the BGZ with feeding "from below." On the initiative of Ryszard Pazura, PSL representative at the Ministry of Finance, the Sejm passed a bill giving the BGZ a mandate over approximately 1,300 cooperative banks, which are forced to submit surpluses to it. Joining the BGZ was voluntary. However, the lawgiver provided financial incentives, for instance in the form of tax reliefs and restructuring bonds for banks that did succumb to the BGZ. For many banks with a poorer standing, this was an offer they could not refuse. It was also accepted by some banks that had established their own regional structures several years before—for example, the Wielkopolski Economic Bank. "The offer of support in the form of restructuring bonds is tempting," says Tadeusz Matuszewski, vice president of the Wielkopolski Economy Bank.

Meanwhile, according to Maria Stolzman of the Freedom Union, instead of support, the cooperative banks may expect only additional trouble from the BGZ. "First of all, the PSL deputies want to feed the insatiable monster," adds Teresa Kuchniarz, plenipotentiary of the board of the Northwest Economy Bank [BGPZ] in Wroclaw, which affiliates 238 cooperative banks. Only six banks from this group joined the BGZ.

Regional banks competitive with the BGZ are among the best in Poland. The BGPZ made a profit of Z82 trillion. They also associate prospering cooperative banks. A January report by the NBP on the condition of the cooperative sector shows that, out of 18 cooperative banks that have been declared bankrupt, only six belonged to three competitive regional structures; the rest belong to the BGZ.

"The PSL Wants To Concentrate Within the BGZ Everything That Has To Do With Agriculture and Its Finances..."

... says Maria Stolzman. Proof of this is the fact that the Agency for Agricultural Marketing [ARR] and the Agency for Restructuring and Modernizing Agriculture withdrew Z650 trillion from Agrobank. Both institutions ordered their money to be transferred to BGZ accounts. ARR in fact buried the bank, despite the fact that it held 5 percent of its shares.

This year, the BGZ will receive Z1.2 trillion of the total Z2.5 trillion from the budget for financing preferential agricultural credits. According to an anonymous bank employee, banks competitive with the BGZ are in a losing position and will be absorbed by it sooner or later. Financial pressure will decide that. Already BGZ rivals

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

receive only those preferential credits they are incapable of "processing." For some time now, Kazimierz Olesiak, the bank's president, has been advocating the idea of a holding, encompassing the whole system of cooperative banks. Another of the president's original ideas is...extracting bad credits from the bank. So the credit history could be repeated. And more losses generated. The simplest and most effective solution to the BGZ problem was presented by the World Bank: dissolution. In its place, four to seven commercial banks should appear. The central office could not conduct commercial activity. BGZ officials, however, concluded that the recommendation is not beneficial to Polish agriculture. It is definitely not beneficial to them personally.

Effect of Inflation on Budget Forecasts Seen

MM2211093494 Gdansk DZIENNIK BALTYCKI in Polish 10-11 Nov 94 pp 1, 3

[Interview with Professor Jerzy Osiatynski, Sejm deputy (Union of Freedom) and former finance minister, by correspondent Jan Kreft; place and date not given]

[FBIS Translated Text] [Kreft] We are all standing at a table. We know that the moment is laden with significance. Soon, the people in authority will be cutting the next year's budget pie. The average Mr. Kowalski is wondering what the next year will bring him. The press is full of calculations predicting who will gain and who will lose money. Professor, what, in your opinion, can we expect?

[Osiatynski] We must be honest. We now have the third successive year of an increasing national income. This year, the GNP value will rise by 4.5 percent, and it will be similar in the next year, too. Consequently, various social groups will participate in the consumption of a larger pie. If next year Mr. Kowalski works in a private firm or in a State Treasury company, his real remuneration will rise by 2.5-3 percent. It is much more difficult to foresee the future of an employee working in the budget-funded sector. If inflation is higher than that envisaged in the budget act, it could turn out that the real wages in the budget-funded sector will grow slightly, and their relation to wages in the production sector will fall even further.

[Kreft] Does the present budget have its secrets? Such as billions and trillions concealed under innocent labels, which could be used by some for their strictly defined aims?

[Osiatynski] Indeed, there are means in this budget that, in my opinion, serve the preservation of the status quo in agriculture and in many state enterprises that should instead be forced to adapt actively to the rules of the market game. These means are sums on the order of tens of trillions, earmarked for State Treasury guarantees and securities, which could easily turn out to be hidden forms of subsidizing unprofitable enterprises. It is similar with the trillions allocated for the state guarantees for our trade with the East, which could also prove to be a hidden form of subsidizing exports. This money could be defined by a joint term of a tool for extemporaneous and arbitrary interventions by our government. In one case, it finds its way to the Gdansk Shipyard, in another to an automobile plant or some fertilizer factory. This practice leads us again to arbitrary judgments, political paternalism, and the kind of noninstrumental intervention in the economy that was common practice for the 40 years of socialism. This is precisely what Prime Minister Pawlak's government is aiming at.

[Kreft] Do you mean to say that economic practice as pursued by the Pawlak government is a restoration of socialism?

[Osiatynski] In these interventionist activities, it is precisely that.

[Kreft] Deputy Prime Minister Kolodko [Finance Minister] insists that it is the best budget we can afford.

[Osiatynski] Deputy Prime Minister Kolodko once professed the principle that the world of economy is not without alternatives. Since he became prime minister, he has been thinking in different terms: He believes that there is no alternative to his budget. But even the tenets he takes as his starting point are doubtful, to say the least.

[Kreft] Would you give me some proof of this?

[Osiatynski] First, take inflation. This year's inflation, calculated for the period from December of last year to next December, was at first expected to come to 24 percent, then 27 percent, and now everything points to its oscillating around 30 percent. What does this mean? First of all, the state's income, calculated at higher prices, is also higher. Thus, in this year's budget, tax revenues are higher than those estimated at the beginning of the year. But this also means that, whereas the dreams of bringing inflation down from 24 percent to 17 percent next year were still within realistic expectations, a descent from 30 percent to 17 percent, which Prime Minister Kolodko promises, is unrealistic.

[Kreft] In that case, why does the prime minister, along with other government members, keep insisting that it is realistic?

[Osiatynski] I believe that the prime minister is fond of quoting figures. To be frank, it is often the practice to assume an ambitious figure for inflation.

[Kreft] Is it deliberately understated in estimates?

[Osiatynski] Sometimes it is, but not by more than 2 percent. There is a hidden sense in this. Those who determine prices for the following year often set them in relation to the anticipated inflation. That is when economists talk of the so-called inflation expectations, which are significant for the actual turn of events. The problem is that the differences between the prognosis and the actual figures should be contained within a margin of 1-2

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

percent. Otherwise, those who formulated the wrong prognosis lose their credibility.

More important, if in 1995 it turns out again that inflation is significantly higher than estimated, the path of the zloty's devaluation must be completely different, as must be the interest rates. We will have a completely different economy and state budget from those the government now expects.

[Kreft] What will happen in connection with this?

[Osiatynski] For example, the state budget envisages more than 37 trillion zlotys [Z] to pay off Poland's foreign debt. With greater devaluation, it will turn out that the amounts in zlotys set aside to purchase German marks and dollars to service our debt are insufficient. Another important item is the servicing of the national debt, which amounts to almost Z119 trillion. The interest rates applied by the Polish National Bank will be adjusted not to the inflation Kolodko would like to have but to actual inflation. So they will be higher. Therefore, the cost of servicing the state debt will also be higher. In addition, the budget envisages amounts earmarked for designated expenses in the education, health, military, police, and other sectors. Of course, if the prices for all of the vital needs of the budget-funded sector turn out to be higher than planned, you will only be able to buy less, even if the budget revenues are higher than planned, owing to higher inflation. This is because the budget act sets the upper limits of expenditure, which must not be exceeded.

In light of the above, it may turn out in the second half of the year that it is necessary to update the budget presented by the government—in other words, that it is a budget for only a few months.

[Kreft] Does this mean that the 1995 budget presented by the government is not credible? That we are shown only a mirage of a large pie?

[Osiatynski] The problem is not that the pie is big. High inflation will inflate it even more. The problem is that it hides the real expenditure.

[Kreft] Deputy Prime Minister Kolodko says that those who believe it to be a poor budget are enemies of the reform. Professor, are you an enemy of the reform?

[Osiatynski] Deputy Prime Minister Kolodko sometimes even suggests that such a person is an enemy of the state. I heard similar accusations in the times when Deputy Prime Minister Kolodko penned various panegyrics about a developed socialist economy, which were very well suited to that particular era. I very much regret that Mr. Kolodko transposes those standards to the present day. And, as regards being charged with hostile attitudes, I was not afraid of it then and I am not afraid of it now.

[Kreft] Why do we hear insistent assurances from the government that things are better than they really are?

[Osiatynski] That is the essence of casting hopeful spells on reality. If inflation in the next year is indeed 24 percent rather than 17, Deputy Prime Minister Kolodko will say that he did his best, but it did not work because someone stood in his way—most probably the opposition, which does not want to support "the only correct program."

[Kreft] Experts are talking about the state budget's increasingly "redistributive" character. What does that mean?

[Osiatynski] It means that, in real terms, from one year to the next, increasingly large sums of money pass through the state budget from the financial means we all create. This is a particularly dangerous phenomenon. Increasingly, the government relieves the citizens of deciding what to spend money on and who to allocate it to. To avoid making unsubstantiated claims, let me tell you: In 1993, the budget revenues were 32 percent of the GDP; this year, they are 33 percent, and next year they will be 35 percent. The percentage of expenditure is increasing at a similar rate. I do not even wish to remind you that this is contrary to the declarations made by the government and Deputy Prime Minister Kolodko. In other words, the present positive results the Pawlak government claims for itself are the effects of the policy pursued in the years 1992-93.

[Kreft] So we can expect to experience the effects of the Pawlak government in some two or three years?

[Osiatynski] It is usually necessary to wait for positive results longer than for negative ones. Hailstones ruin the harvest with lightning speed. I believe that we may begin to see the lowering of the economic growth rate as early as the second half of next year. Stimulation of economic growth will not come from the direction of the construction industry or the business sector because no radical strategy for lowering taxes has been prepared there. On the contrary, taxes keep on increasing.

[Kreft] So do you believe that the condition of the economy could cause a collapse of the present political configuration?

[Osiatynski] Absolutely not. There are signals that attest to the economy's autonomous position in relation to politics. Polish exports are growing beautifully, although this is hardly in connection with the "Strategy for Poland" program. Exports to the East are increasing. The rise of unemployment has been stemmed. Each of these elements should be analyzed separately, but these are real values.

[Kreft] You have uttered many critical words concerning the government policy. Will the Union of Freedom, which is now approaching the position of the Democratic Left Alliance [SLD], soon take up shared responsibility for that policy?

[Osiatynski] The current budget belongs to the SLD-Polish Peasant Party [PSL] group, and that coalition is responsible for the present economic policy as well as for the budget itself.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Kreft] Who, in your opinion, is favored in the distribution of common resources for the next year, which is currently taking place? Which social groups will receive more money than others next year?

[Osiatynski] In my opinion, the budget favors the rural sector and, at the same time, does it a disservice because it reinforces its present backwardness. For example, I fail to see the materialization of any of the grand promises announcing the granting of resources for the creation of new jobs in the rural sector apart from agriculture. On the whole, I cannot find any evidence of any remains of the "Strategy..." in this budget. On the contrary, I get the impression that the "Strategy for Poland" was the budget's first victim.

[Kreft] We have been talking a lot about Deputy Prime Minister Kolodko. Does Prime Minister Pawlak want the same things Deputy Prime Minister Kolodko wants?

[Osiatynski] I see no difference of opinion between them. Prime Minister Pawlak wanted very much to have Kolodko as his finance minister, and he got what he wanted.

[Kreft] So why did he not want to endorse the universal privatization program?

[Osiatynski] He was not sure what the consequences would be and whether he would not only make trouble for himself. Please note: Kolodko also stresses the importance of the improvement of the condition of state enterprises over the importance of privatization, so they are of one mind in this respect. In any case, I do not remember Kolodko's ever siding with the SLD in cases of disputes between the SLD and the PSL. In addition, Pawlak remembers that we will be having the presidential election in a year's time. He has also remembered the slogans under which the PSL joined the elections, and he himself voted against universal privatization.

[Kreft] So how do you explain the relatively good social ratings recorded by the politicians of the government camp?

[Osiatynski] Deputy Prime Minister Kolodko is a "media person." He pays a great deal of attention to the media. He conducts a policy in which the word is the most important component.

[Kreft] Is it true that the present generations borrow against the future?

[Osiatynski] The current government coalition shows a strong tendency to follow this kind of movement. An example here is the endowment of the Food Economy Bank [BGZ] with capital, which is being done precisely at the expense of future generations. Another form of such activity is forcing the state banks to give cheap or risky credits, which the State Treasury could not compensate for. Yet another form is a search for protection in ministerial offices rather than one for new markets. However, to borrow against the future is also to stem changes and to consent to the petrification of ineffectual economic structures.

[Kreft] The activities of the Agrobank have just been suspended. This has a direct connection with the situation of the BGZ, to which a proportion of the Agrobank's accounts have been transferred. What is going on?

[Osiatynski] I was strongly opposed to the setting up and operation of the BGZ. However, we must remember that that very bank financed the State Farms [PGR] and the highly risky ventures of such firms as Hortex and Igloopol. Later, its bosses, who themselves were also making mistakes, as Supreme Chamber of Control findings confirmed, were forced to face the whole mess.

However, the BGZ is an exceptional type of bank because it also pursues objectives that are outside regular banking activities or, to put it more bluntly, political objectives. One particular example is public knowledge: The BGZ rents premises from the PSL and pays rent at rates that are far higher than those quoted for comparable accommodation in Warsaw.

Therefore, I can only assume that what is involved is the transfer of funds from a bank to a political party. And that is not an isolated example. On the other hand, the Agrobank affair definitely requires criminal investigation.

[Kreft] We were recently regaled with a publicity show entitled "Clean Hands" [devised to expose financial corruption in public posts]. In the past, you were finance minister, and you had a voice in decisions on many appointments to public posts. Could you explain today what Minister Cimoszewicz's objectives were in the campaign?

[Osiatynski] I could not. On the other hand, I do know that the present authorities violate the principles of filling positions on the boards of governors of many banks as well as insurance institutions and single-person State Treasury companies, which are also beginning to turn into an arena of political contests.

[Kreft] The public prosecutor's office announced that it would demand a return of monies received by high-ranking state officials delegated to sit on the boards of governors of the State Treasury companies.

[Osiatynski] In my opinion, Prosecutor Cimoszewicz would lose such a case in any court of the first instance. The legal opinions issued by the President's Chancellery, as well as those sought by the legal experts at the Finance Ministry, were unanimously clear: Officials sitting on boards of governors and representing the State Treasury on those boards are entitled to receive remuneration for their duties. Cimoszewicz has other ideas, but the law cannot be applied retrospectively.

However, there is also another side of the coin. I believe that every person who sits on such a board is obliged to

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

represent the interests of the institution for which it acts, and not those of the person and the party that placed them there. As long as other attitudes to this question persist, we will not be able to cure the situation in the banking or insurance sectors. Instead, we will aim straight for a system of political paternalism and the politicization of the economy.

[Kreft] It is sometimes said that "the gentlemen from the ministries earn relatively little, and, by taking up positions on boards of governors, they are able to supplement their salaries." Are you inclined to endorse such an opinion?

[Osiatynski] Stefan Kawalec [under secretary of state at the Finance Ministry until February 1994] was particularly careful to ensure that appointments to boards of governors were made according to principles of substantive merit. Since then, much has changed. When I entrusted officials at the Finance Ministry with the duties of representing the State Treasury, I did not have to resort to such safety precautions. Moreover, I believe that a person carrying the burden of constitutional accountability, regardless of whether he holds the office of the finance, industry, or foreign affairs minister, has a sufficiently heavy and responsible task to perform to preclude the possibility of taking on yet another set of financial responsibilities in a different set of duties. However, that is a question belonging to the sphere of ethical conduct and style of behavior.

[Kreft] Thank you for talking with us.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Coposu Returns; Predicts Early Elections

AU1911165394 Bucharest Radio Romania Network in Romanian 2000 GMT 18 Nov 94

[FBIS Translated Text] Mr. Corneliu Coposu, president of the National Peasant Christian Democratic Party [PNTCD], returned this evening to Bucharest from Frankfurt, where he underwent medical treatment in Germany. Our correspondents Elena Perdichi and Daniel Ruse prepared the following reportage on this event, from Otopeni Airport. Mr. Coposu's statements were made exclusively for our radio station.

[Begin recording] [Perdichi] Immediately after his arrival at the airport, PNTCD President Mr. Corneliu Coposu was surrounded by journalists, who bombarded him with questions, the first of which was whether he is ready to resume his political activity. His answer was:

[Coposu] Of course, I have always been ready. I have never been out of touch with the country, since I received daily faxes about the events at home. Therefore, I know all about developments here, almost as well as you journalists. I do not need a period of adjustment for that; I can enter the political activity directly.

[Perdichi] Mr. Corneliu Coposu then elaborated on his plans for the coming days.

[Coposu] To begin with, I will hold a meeting with the party's Leadership, Coordination, and Control Bureau in order to assess the situation and lay the foundation for the start of the electoral campaign, a sphere where we are lagging behind. I believe that there will be early elections, because the government is totally unable to solve the serious economic, moral, social, and political crisis. Of course, it will not be able to prolong the governmental agony for much longer. Therefore, I expect early elections to be held. Consequently, we must prepare for them.

[Perdichi] On leaving the airport, Mr. Corneliu Coposu was met by members and supporters of the PNTCD and the Democratic Convention of Romania [CDR]. He addressed himself to them as follows:

[Coposu] I greet you all. I embrace you all with love and joy that, after a long absence, I am back in Bucharest. I came back recovered and with greater energy, and animated by the intention to start—together with our friends and all democracy lovers within the CDR—the campaign of overthrowing the government, by winning the elections and establishing democracy. This can only be achieved if we all work for it. We count on you and all conscientious Romanians. We count on the Romanians' shaking off their state of apathy, so as jointly to attain, by pooling our forces and displaying solidarity, the coveted target of establishing democracy in Romania, creating the much dreamed about well-being, normalizing the situation, and promoting Romania to its deserved place, namely at the head of the European states, not at the bottom, where we find ourselves today. [end recording]

Surdu Denounces 'False' Agriculture Figures

AU2111182594 Bucharest ROMANIA LIBERA in Romanian 17 Nov 94 p 3

[R.B.-initialed report: "Victor Surdu Is Amazed by the Impertinence and Lies of the Government"]

[FBIS Translated Text] Ever since his having left the sympathizers of the government in a storm, Victor Surdu, the chairman of the PDAR [Democratic Agrarian Party of Romania], is always on the watch and never misses any opportunity to criticize the rulers. That is what he did again after the executive's latest teleconference with the agriculture leaders. Surdu listened carefully, was amazed by so much impertinence, and considered it necessary to denounce the governmental lies.

The first thing the PDAR leader objected to is the loudmouthed announcement of the government assessing that the country's necessary wheat supplies over the next year have been ensured. Surdu amends this: Owing to the fact that 1,200,000 hectares were sown with wheat after the optimal sowing time was over—meaning that they will harvest 1,000 kilograms of wheat less per hectare—the government announcement is based on false information and therefore it is a lie and an attempt to return to old communist practices.

As opposed to the declaration of the executive, according to which up to 4 million hectares have already been plowed, Surdu claims that 6 million hectares are yet to be plowed.

Finally the "rebellious" leader does not forget to remind of the government promise to supply 60,000 metric tons of diesel fuel for agricultural purposes. On this, in order to be more precise, we quote Surdu: "They supplied nothing. It was a fat lie."

Article Notes Military Personnel Changes

AU1811191394 Bucharest EVENIMENTUL ZILEI in Romanian 16 Nov 94 p 16

[Report by Oana Maiuga: "Major General Aurica Traistaru Has Been Placed in Reserve Directly by President Iliescu"]

[FBIS Translated Text] Major General Aurica Traistaru, from the Armed Forces Logistics Department, who used to be responsible for research and design issues, has been placed in reserve directly by a decree of President Ion Iliescu.

Thus the series of personnel changes and demotions in Romania's armament industry continues, under the close surveillance of Romanian National Defense Minister Gheorghe Tinca.

We would like to remind our readers that, recently, Major General Dan Gabroveanu, the chief of the Armed Forces Industrial Group, and Major General Maftei

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Rosca, responsible for the armament industry within the Romanian Ministry of Industry, were also dismissed from office.

Senator Fears Russia Might Block NATO Entry

AU2211104594 Bucharest Radio Romania Network in Romanian 2000 GMT 21 Nov 94

[Interview with Radu Timofte, chairman of the Senate Defense Committee, by Bucharest Radio correspondent Dan Preda; place and date not given—recorded]

[FBIS Translated Text] [Preda] The recent NATO session in Washington was considered by most observers as extremely important for that organization's future, and implicitly for the security of this region of Europe. Radu Timofte, you returned home yesterday, so I suggest we have a discussion on the conclusions of that session, or rather, some of its conclusions. Some people believe that Romania's fate regarding admission to NATO will be decided over the coming days. How much truth is there in it?

[Timofte] The expansion of the North Atlantic alliance was an issue of lively debate in the sessions of two committees, the political and the defense and security committees, as well as in the North Atlantic Assembly's two plenary sessions.

All we know for the time being is that in Budapest soon, on the occasion of the [CSCE] conference of European foreign ministers, they will broach the issue of the admission of some countries and they will set the criteria to be met by the countries that have requested to join NATO. Besides the Budapest conference, another important foreign policy event will take place in Brussels in January next year when the heads of the NATO states are to meet, on which occasion they are expected to take the final decision on certain countries joining the North Atlantic organization.

I held several talks with parliamentarians of certain NATO countries, as well as with our embassy staff in Washington, and it appears to me that Romania's fate might be decided in the near future. In order to negatively influence that fate unfavorable new scenarios for Romania are even being invented. That is why I believe we should intensify our diplomatic activity at all levels as soon as possible—I am referring to the Presidency, the parliament, the Foreign Ministry, the government in general, the Defense Ministry, and other bodies that could make known Romania's intentions regarding its joining NATO. We have to express our position on integration within NATO very clearly and firmly, but we should also do it in a dignified way, as we have always done.

I also know that certain processes are taking place on the international scene regarding spheres of influence, and we should also consider the fact that, according to some opinions—as I said, I talked to several people in Washington— U.S. President William Clinton is prepared to make certain concessions to Russia, among which Romania is probably included.

[Preda] To what extent in your opinion does Romania's admission depend on the Kremlin's policy?

[Timofte] It depends to the greatest possible extent on the Kremlin's policy and Washington's policy. I suspect that if Russia currently opposes NATO's wish to integrate Romania within that body as soon as possible, the Kremlin reaction will not be exactly favorable for our country. However, we should not show any reservations regarding our wish to join NATO.

[Preda] In your assessment, is the general atmosphere favorable for our admission to NATO or rather against it?

[Timofte] It would be much easier for me to answer if I could give you the percentages of those who favor and those who oppose Romania's joining NATO. But you see, the short time that is left can also be used by those who do not wish us to be integrated in NATO. They could try to influence their countries' parliamentarians, heads of state, and foreign ministers to vote against Romania's admission to NATO. I know that there are parliamentarians of NATO countries who favor only the admission of the countries belonging to the so-called Visegrad Treaty, that is, Hungary, Poland, the Czech Republic, and Slovakia. Nevertheless, I know too that there are voices—rather important ones, I would add—supporting the Romania's cause, as they believe that the exclusion of Romania from NATO could create tensions not just in Romania itself, but in the whole of Central and East Europe.

[Preda] What does the defense committee head expect from the January 1995 Brussels NATO summit meeting?

[Timofte] I expect and hope that the presidents of the NATO states who are to meet in Brussels in January 1995, will demonstrate lucidity and focus on the normal in the decision they will make, as the security of not only Europe, but also the entire world may depend on that normality. I hope Romania joins NATO, a wish that is also shared by other countries as well, although not all of them are as important as Romania.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Prime Minister Silajdzic Reacts to NATO Strike

AU2111193494 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1800 GMT 21 Nov 94

[Report by Senada Cumurovic]

[FBIS Translated Text] This event demonstrates that what is going on here is not a civil war but an aggression, as Bosnia-Herzegovina is not merely being attacked from Serbia and Montenegro, but from Croatia too. This is the basic message expressed in the address by Prime Minister Silajdzic:

[Begin Silajdzic recording] Therefore, it is very important that this is the beginning of a joint NATO-UN action in Bosnia-Herzegovina on the basis of a new direction. This new direction distinguishes between a victim and an aggressor. We, thus, now, after three years, definitely know who is the victim and who is the aggressor. Namely, Bosnia-Herzegovina was attacked from Croatia and from the localities that NATO should have [word indistinct]. Therefore, this means a recognition by the international community that what is going on here is no civil war, but an aggression. If this is an aggression, then the international community must act in accordance with the UN Charter, Chapter 7, which punishes the aggressor and helps the victim. I believe that we can assess this action as good. However, it will ultimately be successful only if the attacks on Bihac, which are still underway, are halted. Tanks [passage indistinct] Bihac, artillery and tanks attacking civilian targets in Bihac, Cazin, and other towns of the Bosnian Krajina at this moment. [passage indistinct] [end recording]

Assessing the political character of today's NATO action, Dr. Silajdzic also said:

[Begin Silajdzic recording] We can say that we have won one such battle today because the adversaries in the action in Bosnia-Herzegovina were also forced to admit that this constituted an aggression. Therefore, we must resist this aggression further and fight in the military and diplomatic sphere. This change will not come about quickly, [word indistinct] do not happen overnight. However, this is an important step in understanding that this constitutes an aggression against a sovereign country and a UN member, and that it should be acted on accordingly. [end recording]

Criticizes UN Policy

MS2211100694 London ITV Television Network in English 1900 GMT 21 Nov 94

[Interview with Bosnian Prime Minister Haris Silajdzic by Jon Snow; Silajdzic in Sarajevo, Snow in the London studio; from the "Channel Four" newscast—live]

[FBIS Transcribed Text] [Snow] Prime Minister your reaction first to the NATO airstrike on the Serb air base?

[Silajdzic] Well that proves that this is an aggression, and this is not a civil war in Bosnia. The problem is that we are attacked from the UN protected areas, planes, tanks, artillery fire. Unfortunately this attack today is an attack on the peripheral target, what we have there now is Serbian forces 1 and ½ km, approximately 1 mile away from Bihac, because they continued attacking, they continued pouring in across the Croatian border, they are doing that now, they are shelling, salvoes of shells.

[Snow] But in reality Mr. Silajdzic this is a very thickly populated area, it is impossible now is it not for the United Nations to break the Serb strangle hold even if they wanted to, you have effectively lost Bihac?

[Silajdzic] Who did?

[Snow] The Bosnian-Muslims have more or less lost in Bihac, you are completely encircled, indeed the Serb forces apparently almost have control of the water supply?

[Silajdzic] Yes, you probably mean the Bosnian Government?

[Snow] Yes.

[Silajdzic] Which includes the Bosnian-Muslims still [words indistinct]. What I want to say is we are being attacked now across the borders from Croatia, from the UN protected zone. The question is why the UN tolerated those planes there, those tanks, this is supposed to be a demilitarized area, and the problem is that we can act now if we wanted to, they could have acted yesterday they wanted to. The question is, is this a tactic of creating another Gorazde there, because they could have acted a long time ago had they wanted to.

[Snow] Well what is your reading of that—why do you think they are not?

[Silajdzic] My reading is that the problem of the UNPROFOR [UN Protection Forces] here is practically; number one minimizing the problem always, they are saying everything is quiet most of the time—all the time, and now we have the problem.

[Snow] Who do you blame for this?

[Silajdzic] The UN policy which is wrong, built up on the wrong premise. The premise that victim and the aggressor are the same, that the legitimate government of Bosnia and Herzegovina called by some the Muslim government—those whose criteria we do not meet, and what we have there is the victim and the aggresssor equated, so this is the wrong premise that's why we have the absolute result of a safe area in Bosnia attacked from a safe area from Croatia, both supposed to be protected by the UN. The situation there is difficult because the population has not received a proper food convoy from the month of May, and when they try to break this lock, open up the communications to feed their children it's called an offensive, this is a total confusion there.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Rose: NATO Air Strike 'Proportionate' Measure

AU2111170594 Paris AFP in English 1640 GMT 21 Nov 94

[FBIS Transcribed Text] Sarajevo, Nov 21 (AFP)—UN force commander in Bosnia General Sir Michael Rose Monday [21 November] termed the NATO raid on a Croatian Serb airbase "a totally proportionate and appropriate measure."

More than 30 fighter-bombers from the U.S., Britain, France and the Netherlands attacked Udbina airfield which had been used by Serbs to carry out bombing raids on the UN-declared safe area of Bihac and nearby Cazin, in northwestern Bosnia.

Runways at the base were destroyed, along with anti-aircraft positions. Speaking a few hours after the raid, Rose said he had no reports of any adverse reaction by the Bosnian Serbs to UN forces here. UN forces remained however on top-level "red" alert.

He also expressed the hope that fighting in the Bihac enclave, which has pitted a coalition of Bosnian Serbs, Croatian Serbs and rebel Moslems against Moslem-led government forces, would quieten down. "What I'd very much like to see is a cessation of hostilities throughout the winter months so we can do our main job which is to deliver humanitarian aid and get some sort of peaceful resolution to the problems," Rose said. "Our job is to try and maintain the (UN) mandate here, to try to keep open the paths to a peaceful solution. We can only do that when there is a low-level of conflict, or no conflict at all."

Absence of Serb Reprisals

LD2211090394 Paris France-Inter Radio Network in French 0700 GMT 22 Nov 94

[FBIS Translated Excerpt] Yesterday's NATO air strike on Udbina airbase in Croatia lasted four hours. Some 40 aircraft, eight of them French, took part in the raid. [passage omitted]

General Rose, the UN commander in Bosnia, hopes that his men will not be the targets of reprisals:

[Begin Rose recording] We have not had reprisals yet, and I hope we won't have any since we already carried out air strikes in the past without any reprisals. This was a rather powerful air strike to take out this base, this is what we did today. Each time we use force it makes our mission slightly more difficult as we are here obviously to make peace and not war. However, sometimes it is unavoidable. [end recording]

UK's Rifkind on NATO Response to Serb Attack

MS2211104894 London BBC Television Network in English 2230 GMT 21 Nov 94

[Interview with UK Defense Secretary Malcolm Rifkind by Jeremy Paxman in London on 21 November; from the "Newsnight" program—recorded]

[FBIS Transcribed Text] [Paxman] What was the NATO attack designed to do?

[Rifkind] It was a response to the breach of the no-fly zone by the Krajina Serbs, the free use of aircraft on three separate occasions, on one occasion at least using napalm and cluster bombs, operating the first time from Croatian territory, that clearly had to have a response and that response was received.

[Paxman] Well then why didn't you destroy the aircraft?

[Rifkind] Well first of all this was not for a national government—the British Government to decide, this was for the United Nations and NATO to discuss the actual targets, we were not privy to the discussion of targets that is for the NATO commanders and the United Nation commanders to decide.

[Paxman] But doesn't it look as if it was primarily a gesture?

[Rifkind] I don't think that the use of 30 NATO aircraft attacking an airfield in the way that we saw today could be described as a gesture, but in any event that was for NATO and the United Nations commanders to agree jointly the targets that they did and that they carried out so far as I am aware very successfully.

[Paxman] Do you think that we can now expect a more as it were assertive attitude from UN forces in Bosnia given that this was in Croatia?

[Rifkind] Well the UN will always be assertive if the use of power including air power is appropriate as a response. What we have seen is the use of air power is used when the United Nations forces are attacked. It's also been used on not just today but on other occasions when United Nations resolutions have been flouted, but the actual decision on any given day, whether to use air power must be a judgement by the commanders on the ground and the NATO commanders working together, it can't be for armchair commentators either you or me to come to a judgement on that when clearly the safety of troops who are in Bosnian, particularly United Nations troops has to be the paramount consideration.

[Paxman] But shootings are taking place in Sarajevo apparently within impunity?

[Rifkind] The United Nations and NATO are not parties in this war, they are not there to actually stop a war, the war will only ultimately end when there is a political settlement. The United Nations and NATO can use power but only in very limited circumstances, either when their own troops are being attacked and when they are quite to use it in self-defence or when specific UN Security Council resolutions have been flouted; for example as we saw with the Krajina Serbs using aircraft to attack Bihac.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Lord Owen Concerned Over Future of Bihac

MS2211093494 London ITV Television Network in English 1900 GMT 21 Nov 94

[Interview with Lord David Owen, EC peace envoy, by Jon Snow in London; from the "Channel Four" newscast—live]

[FBIS Transcribed Text] [Snow] Lord Owen this was the very week in which you hoped by your own efforts in part to get the Croatians and the Krajinian Serbs to sign this economic agreement, that's dead in the water?

[Owen] Yes on Tuesday in Zagreb I told the so-called prime minister of the Serbs in Croatia that if they went on flying attacks to Bihac they would be hit at Udbina, they have provoked it quite deliberately, they also cried off signing an economic agreement on really insubstantial grounds, and I think they are intent on I fear trying take Bihac town—the actual safe area, and I am very worried that the Bosnian-Serbs and the Croatian-Serbs may now come together, and I think that would be a very dangerous indeed situation.

[Snow] Is there not an even greater danger that President Milosevic and the real Serbia behind may now break up its deal not to intervene and simply come and there is a major Serb Croatian conflict?

[Owen] I would be very surprised. I think that President Milosevic has made a decision which is that the Bosnian-Serbs should accept the so-called Contact Group map, the 49-51 percent, and I believe he is determined to hold to that, I do not think he will be provoked by this attack, I think that's behind a lot of the Bosnian-Serb and Croatian-Serb intentions, it is to provoke NATO and then to think that Milosevic must change his mind and must come in their support, I hope he doesn't and I still hope that President Milosevic sees his central relationship with President Izetbegovic in Bosnia-Herzegovina and President Tudjman, and increasingly pushes Dr. Karadzic and the Croatian-Serbs to the sidelines and makes his real relationship with the President's of those three countries, and in fact those three when they get together do talk seriously together.

[Snow] But given that your pretty sure that Milosevic is still going to stay in place, is there not evidence that the other two, that Tudjman and Izetbegovic are forming an ever closer alliance which is fact going to make life untenable for Milosevic?

[Owen] Well there is a federation which I wish well and I think is a good idea. It's prime purpose is to deal with the Bosnian-Serbs, I don't believe that either President Izetbegovic or President Tudjman want to fight with Serbia itself, I think they want good relations and in fact they would like recognition, and indeed in my judgement the case for recognition on Serbian interest becomes stronger. Belgrade are getting more and more fed up with having their whole economic life curtailed by ridiculous actions in Pale and in (?Krajin), and in my judgement this is a moment for choice for President Milosevic—which way he wants to take his own country and I hope he will put the interests of his own people first.

UN: Serb Forces Continue Attacks on Bihac

AU2211101194 Paris AFP in English 0938 GMT 22 Nov 94

[By Francis Curta]

[FBIS Transcribed Excerpt] Sarajevo, Nov 22 (AFP)—Serb coalition forces Tuesday kept up attacks on the Bosnian enclave of Bihac, despite the NATO raid which was meant as a warning to Croatian Serbs to stop intervening in the Bosnian war, UN spokesmen said here. [passage omitted]

On the ground in Bihac, fighting has continued, with Moslem-led government forces facing attacks from all sides launched by a coalition of Bosnian Serbs, rebel Moslems and Croatian Serbs who—at the very least—have been involved in cross-border shelling attacks.

UN forces here have also accused Croatian Serbs from the breakaway Krajina region of supplying the rebel Bosnian Moslems with tanks and artillery.

And while UN spokesmen have stressed they have no proof of ground involvement in Bihac by the Krajina Serbs, they have also pointedly remarked they could not say who was driving the tanks.

UN Protection Force spokesman Major Herve Gourmelon said there had been a slight decrease in the level of activity in Bihac enclave Monday afternoon.

But Serb forces, striking from the south, were now right up against the UN-declared Bihac town safe area limit, pushing government forces back into the town which has received a number of shells as a result of the fighting.

Bosnian Serb forces, for their part, were pressing against the 80 square kilometer safe area from the east, while Moslem rebel forces continued to strike at the town of Velika Kladusa in the north.

Gourmelon said there were indications that some government forces in the north had gone over to rebel forces of Fikret Abdic, a Bihac business tycoon and warlord who fought a year-long war against Sarajevo forces before being forced to flee into Croatia in August.

Serbs Report Muslim Forces Assault on Krupa

LD2211014194 Belgrade TANJUG in English 0042 GMT 22 Nov 94

[FBIS Transcribed Text] Drvar, Nov. 21 (TANJUG)—Bosnian Serb army sources were Monday quoted as saying Muslim forces had launched four assaults against Bosnian Serb defenses at the northwestern town of Krupa.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

The Bosnian Serb news agency SRNA quoted Bosnian Serb sources as saying the Muslim artillery had been attacking in other sectors of the front in northwestern Bosnia, including the area around the town of Bihac.

On the Sarajevo front, the local Bosnian Serb command said a Serb civilian was wounded by a Muslim sniper in the city's locality of Nedzarici.

Muslims were opening small-arms fire on Sarajevo's locality of Hadzici from nearby Mt. Igman, which should have been demilitarized last year, the source said.

In the northern sector of the Sarajevo front, Muslim forces were opening fire from anti-aircraft guns on Bosnian Serb positions at the locality of Vogosca, the source said.

At the town of Brcko in the northeast, the local Bosnian Serb command reported sporadic Muslim small-arms fire, to which the Serb troops did not respond.

Bosnian Croat forces, too, were opening sporadic small-arms fire on Bosnian Serb positions at the town of Orasje in the northeast, Bosnian Serb sources said.

Muslim artillery and infantry attacked Bosnian Serb positions at the Stolice radio communications centre on strategic Mt. Majevica in northeastern Bosnia, Bosnian Serb sources said.

Army Refutes Serb Claims on Capture of Grabez

AU2111153694 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1400 GMT 21 Nov 94

[FBIS Translated Text] This morning the Serb aggressor intensified his attacks on Bihac from the direction of Grmec. This is the consequence of the passing of the Security Council resolution.

The fighters of the 5th Corps on this part of the front have halted the enemy attacks. Grabez is in the hands of the Bosnia-Herzegovina Army, although [Serb] General Milovanovic claims that they have recaptured everything that was liberated from them. They are using the same trick as last year during the fighting for Zuc Hill [in Sarajevo]. If you remember, they said then that they had captured this position above Sarajevo. They did not manage to capture Zuc then just like they are not going to capture Grabez now, even though the fighting is very fierce, the fiercest since the beginning of the aggression both in the massive forces used and the strength of the continuous attacks and shelling.

In the area of Veliki Radic and Velika Glavica the aggressor has suffered great losses. The areas around Cazin and Turic [word indistinct] are under particularly heavy attacks. Villages around Bihac are being shelled ferociously and set on fire by incendiary devices—Rujnica, (?Izacic), Kamenica, Klokot, Zavalje, and [word indistinct]. One can see with the naked eye from the center of Bihac the villages Skocaj and Zavalje burning, as the aggressor has set them on fire with shells from Gola Pljesevica on the occupied territory of the Republic of Croatia.

The criminals of Fikret Abdic are attacking and shelling Velika Kladusa and the villages of Polje and Trnovo. The aggressor's heaviest attack has been directed between Bugari and [word indistinct], where [word indistinct] the main defense line. The units of the Croatian Defense Council have been forced to leave Veliki Skocaj in the face of a much superior aggressor. There are many wounded civilians as a result of the heavy shelling. Unfortunately, the UN Protection Force has been ignoring for a month now appeals for sanitation aid, the Bosnia-Herzegovina Army Press Center reports.

UN's Spanish Battalion Placed on Maximum Alert

BR2111153294 Madrid EL MUNDO in Spanish 21 Nov 94 p18

[Miguel Gil report: "Spanish Battalion in Bosnia on Maximum Alert for Possible Serbian Attacks"]

[FBIS Translated Excerpt] Sarajevo—UNPROFOR's [UN Protection Forces] Spanish battalion was placed on maximum alert yesterday for possible Serbian artillery attacks against some of the detachments.

According to what was confirmed by commander Ramon Alvarez, ESPABAT [Spanish Battalion] spokesman, "we have been ordered all detachments to go to red alert in case there are reprisals by the Serbs."

Yesterday, the Spanish Blue Helmets prohibited anyone from leaving the detachment. They also put back on their protective helmets and flak jackets, which had not been worn since March.

All humanitarian convoy escorts were also suspended.

In addition, Spanish military officials sent a notice to the personnel of Spanish humanitarian organizations working in the area telling them to be prepared to gather at Spanish barracks in the event of attacks.

Of the various organizations that have been deployed in the area, Doctors of the World and the Movement for Peace, Disarmament, and Liberty (MPDL) are the two that have the most Spanish aid workers among their ranks.

The spokesman for the Spanish battalion explained to EL MUNDO that over the past few days the Spanish zone of responsibility had been "totally quiet, but that does not mean that it cannot get complicated."

"The confrontation line between the government army and the Serbian militias has been especially quiet over the past three days, with less than a dozen shells, whereas in past weeks there have been hundreds," Alvarez explained.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Croatian Coast

Three of the four Spanish detachments in Bosnia are within reach of the Serbian artillery positions located on Mt. Velez and Mt. Hrgud, to the east of the highway linking the Croatian coast with central Bosnia.

The red alert was called by the UNPROFOR supreme commander for the former Yugoslavia, Bertrand G. de Lapresle. The last time a red alert was called was on 22 October, just a few hours before NATO airplanes carried out their last attack to date on Serbian positions around Sarajevo.

In the Bosnian capital, an official in UNPROFOR's French contingent confirmed that "we are expecting Serbian attacks if NATO decides to punish them for their behavior in Bihac."

Artillery exchanges continued yesterday around Sarajevo between the government army and the Bosnian Serb militias, without NATO launching reprisals on either side. According to what EL MUNDO was able to ascertain, over the past three days, government troops ("Armija") and Bosnian Serb rebel militias have repeatedly violated—in the form of mortar exchanges between both sides—the "total exclusion zone" for heavy artillery decreed by the Atlantic Alliance around Sarajevo.

Heavy Artillery

The fighting was in the Krupac area, south of Sarajevo, and within the 20-km areas around the Bosnian capital, in which both sides have vetoed the use of heavy artillery, in accordance with what NATO imposed in February.

According to the official for the Blue Helmets in the area, on this occasion the United Nations could not request air support from NATO to hold back the fighting or launch reprisals against them due to the difficulty of locating the artillery that has been violating the NATO prescriptions in recent days.

Both Serbian militias and the government army—or "Armija"—have been involved in the exchanges.

"It is worrying that there is an escalation in the caliber of the projectiles and a growing number of shells being fired," the same source said.

The fact that the victims of these attacks are basically soldiers, together with the fact that in recent days international attention has been focused on what is happening in the northern part of the country, specifically in the Bihac enclave—where first the Muslims advanced, and now the Serbs are regaining ground—reduces the emotional impact of the incidents.

Radio: NATO Action 'Worsened' Bihac Suffering

AU2111195794 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1800 GMT 21 Nov 94

[Report by Mirza Sadikovic]

[FBIS Translated Text] In the moment when NATO aircraft attacked Udbina, the attacks of Karadzic's and Martic's chetniks on Bihac District have intensified. This UN safe haven has been literally burning this afternoon. Everything is in flames, while convoys of tanks from the direction of Veliki Skocaj and Plitvice, that is from Licko Petrovo Selo, are determined to break through to Bihac at all cost. At least 8,000 destructive projectiles have landed on Bihac so far, especially on Veliki Skocaj and Mali Skocaj, Zavalje, (?Izeti), (?Kvikici), and (?Papari), as well as all on settlements along the border with the Republic of Croatia all the way to Velika Kladusa, and [word indistinct] of that municipality there.

Nearly all residential buildings are burning. The chetniks have entered some of them and they are frantically burning, butchering, and destroying [word indistinct]. The civilians from all border settlements are fleeing in panic, seeking shelter in the hinterland.

The artillery and infantry attacks were intensified in other parts, too, especially from the direction of Bosanski Petrovac and Bosanska Krupa, where the chetniks are also destroying everything with incendiary ammunition.

It is truly difficult to describe everything. Is it possible that such crimes are committed by humans, if the chetniks can at all be called this? The number of casualties is enormous, actually, it is very difficult to ascertain it. The hospitals are overflowing and medical staff are trying to treat casualties around the clock.

What to do next? Will these people and this region pay [word indistinct] and will the international community satisfy itself with today's NATO action, which has merely worsened the suffering of Bihac district and the UN safe haven?

Shortage of Medicines, Food

AU2111201794 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1800 GMT 21 Nov 94

[Report by Nada al-Isa from Zagreb]

[FBIS Translated Text] Not even after the NATO bombing did the UN Protection Forces [UNPROFOR] in Bihac District muster the courage to at least evacuate the injured and sick, the authorities in Bihac are pointing out right now.

Not a single blue route has been opened, while the humanitarian situation is catastrophic. In the last seven days alone, they point out, some 30 persons have died as a result of this tragic humanitarian situation. It is sad to point this out, but one must. Babies are dying because there is no baby food. Injured and sick persons are succumbing to the most mundane of wounds and diseases because there is no medication. This is unfortunately still the reality in Bihac, even after the NATO bombing.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

The international community will fulfill its obligation only when it opens blue routes, delivers medication, food, fuel, and seeds, protects its safe haven, and when UNPROFOR firmly controls the border between Bosnia and Croatia. Until then, just as so far, everything depends on the 5th Corps of the Bosnia- Herzegovina Army. [5th Corps Commander] General Dudakovic has said They are shelling and bombarding us, however, they have not taken anything of strategic importance on the ground. Velika Kladusa is not surrounded either, as the aggressor claims. Bihac is free, but it is being attacked. It must be as the 5th Corps commander said: For as long as there are the people of Cazin Krajina and its 5th Corps, there will be Bihac and Kladusa.

Humanitarian Situation Assessed

AU2111204794 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1800 GMT 21 Nov 94

[Statement by Mirsad Velagic, government plenipotentiary for Bihac District; place and date not given—recorded]

[FBIS Translated Text] The overall situation on the territory of Bihac District is extremely complicated and complex. The chetniks from the so-called Serbian autonomous region of Krajina continue to attack Bihac District with all available means. Two days ago, we also encountered air force attacks on civilian targets and the positions of our defense forces.

The situation is unchanged today, it is only that they are not using [word indistinct] air force [words indistinct] because of NATO aircraft, however the aggressor is not reacting at all to the latest UN Security Council resolutions. He continues attacking Bihac District even more intensely.

We are waiting and demanding that the international community finally starts implementing the resolutions it has passed.

Regarding the issue of the survival of Bihac District, which has been questioned, we will all perish, however, this part of Bosnia will definitely be under our control. Therefore, for as long as there are Bosniaks here, these will also be Bosnia-Herzegovina territories. Therefore, the dilemma to survive or not does not come into question at all—we must survive and we are willing to give everything we have for it.

The humanitarian situation is more than grave. The [word indistinct] people and citizens are literarally starving here. We expect that this situation will finally be redeemed by the United Nations, that is, the UN Protection Force, and that humanitarian aid for the Bihac District will arrive. They have promised this, and we desire them to find the strength and resolute to finally fulfill this promise.

Red Cross on Situation

LD2111162694 Belgrade TANJUG in English 1453 GMT 21 Nov 94

[FBIS Transcribed Text] Belgrade, 21 Nov (TANJUG) - The International Committee of the Red Cross [ICRC] has appealed to the warring sides in the area of the town of Bihac in northwestern Bosnia to spare the civilian population.

Spokeswoman of ICRC's Belgrade office Corinne Adam Monday said surgical supplies for the treatment of more than 600 wounded were delivered to the hospital in the city of Banja Luka, northwest of Sarajevo, and blood to the Bihac hospital during the weekend.

Bosnian Muslims more than three weeks ago launched a large-scale offensive from the United Nations-protected "safe area" of Bihac. They captured about 200 sq km of Serb-held territory in the initial thrusts, forcing about 11,500 Serb civilians to flee. Serbs launched a counter-offensive and retook about 90 percent of the lost territory.

Spokeswoman Adam said the ICRC, in cooperation with the local Red Cross organizations, distributed food parcels, blankets, linen and personal hygiene products in the areas of Banja Luka and the town of Petrovac, 45 km southeast of Bihac, during the weekend.

Nearly 15,000 women, children and the aged have taken refuge in the areas of Banja Luka and Petrovac, fleeing the heavy fighting in northwestern Bosnia.

Pale Assembly To Consider 'State of War' 23 Nov

AU2111190994 Paris AFP in English 1847 GMT 21 Nov 94

[FBIS Transcribed Text] Belgrade, Nov 21 (AFP)—The Bosnian Serb "parliament" will meet Wednesday [23 November] to reconsider a request by Bosnian Serb leaders for a state of war to be declared across all Serb-held territory, Bosnian Serb agency SRNA said Monday.

The self-declared "parliament" meeting at the Serbs' headquarters in Pale, outside Sarajevo, will be meeting for a second time to consider the demand by the Bosnian supreme command for a state of war to be declared.

At its last meeting, from November 9 to 11, the parliament authorised a temporary state of war to be declared across areas the supreme command considered necessary. But the deputies ordered new legislation to be drawn up covering the conditions under which a state of war can be declared.

The supreme command failed to declare even a temporary state of war—a measure allowing it to call up more troops—save on the Bihac front in north-west Bosnia.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Prime Minister on U.S. Decision, Developments

NC1811194694 London MBC Television in Arabic 1715 GMT 18 Nov 94

[Interview with Prime Minister Haris Silajdzic by Tawfiq Jazulit; place and date not given; from the "Talk of the Hour" program—recorded]

[FBIS Translated Text] [Jazulit] Mr. Prime Minister, I welcome you to this meeting with MBC Television and to this dialogue that comes at a time when the United States has decided to lift the ban on the sale of weapons to the Bosnian government and fighters. At the same time, we know that the Bosnian president has appealed to the international community to lift the embargo officially. What about this?

[Silajdzic] The U.S. Administration's decision is an important one that signifies the difference between the aggressor and the victim. The problem with the international community is that, for three years and right up to date, it does not differentiate between the victim and the aggressor. Bosnia-Herzegovina is a victim of fascist aggression by Belgrade. During World War II, Lord Churchill asked for weapons from the United States. The latter responded and Churchill obtained the weapons. This is why we are talking today about democracy's victory over fascism. Had this not happened during World War II and had not the United States responded, then the fascists would have been victorious and the swastika would have been the symbol of today.

There is fascism and there is democracy; and we in Bosnia-Herzegovina are fighting alone against fascism. Very regrettably, Europe and some European governments are opposed to the lifting of the arms embargo imposed on Bosnia-Herzegovina. At the same time, this embargo on Bosnia-Herzegovina has brought only catastrophe. We said let us change the means, that is, instead of an embargo let us be armed for reaching peace, the peace of negotiations. The negotiated solution is the magical thing.

But to date and after three years and 200,000 dead, including 17,000 children, we have not attained peace. We have accepted the peace plan presented by the UN liaison group. We agreed to and accepted it even though it was not a fair solution. But we accepted it in the name of peace. The fascist Serb enemy rejected it. Therefore we are waiting for the solution; and the international family has to intervene, either directly or by letting us defend ourselves. Any third solution means siding with the Serb enemy in this catastrophe.

[Jazulit] Mr. Prime Minister, you said that you were waiting for a final solution to the tragedy in Bosnia-Herzegovina. You know as I do and as you told me, that there are some European countries—Britain being the foremost among them—that are strategic allies of the United States but which to this day refuse to lift the embargo on the sale of weapons to you. How do you assess this stand and why do you believe Britain is still insisting on maintaining a negative stand toward your cause?

[Silajdzic] This remains a secret to me. This political course of the British Government is a secret as far as I am concerned because it is very clear that there is a victim and an aggressor, that there is democracy and fascism, and that there is the Bosnia-Herzegovina Government and the fascist regime in Belgrade. Everything is clear. But, very regrettably, the British Government is taking a stand that I do not understand. Why? I don't know.

[Jazulit] Is there any coordination between you and the British Government?

[Silajdzic] There are attempts. Tomorrow, I will meet with some British officials, including the defense minister.

[Jazulit] Can you change the British Government's view, or is this difficult?

[Silajdzic] We are trying, God willing. We are trying but I do not believe there is a tangible change because this stance has lasted for three years. Since the beginning of the attacks and since the occupation of Bosnia-Herzegovina, they have had the same stance, which regrettably favors the flagrant aggression of the Belgrade regime, not Bosnia-Herzegovina.

[Jazulit] I want to discuss military affairs. We know that recently the Muslim Bosnian Government forces scored important victories of very important strategic significance. However, at the same time we noticed that the Muslim Bosnian Government forces are unable to maintain their gains, but are retreating as if war is a cat-and-mouse game. Our information is that less than 40 percent of the liberated territories have been retaken by your enemy, namely the Bosnian Serb forces. What is happening in the military field?

[Silajdzic] This a daily pattern in war. You take something and give something. One day is favorable to us and another day is unfavorable to us. However, the fact is that the Bosnian Government has been reorganized, thank God. We are much stronger than we were a year or two years ago. The Serbian enemy knows this. Regrettably, there is an arms embargo on us. If there was no arms embargo and if we had weapons, we would have achieved peace a year ago. Those in the international community who support an arms embargo on Bosnian-Herzegovina in fact want a continuation of this situation in Bosnia, which endangers peace in the region and the whole of Europe.

[Jazulit] Mr. Prime Minister, the military and political map in Bosnia-Herzegovina changed to a certain degree following the decisive military victories achieved by the Bosnian Army recently. Does this mean that you want to resolve this tragedy with the Serbs militarily or do you want to achieve some military gains on the ground before

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

negotiating with your Serb enemies as equals? What is your strategy for the period after these victories, which have of course changed many things in the conflict between the Muslims and the Serbs?

[Silajdzic] I already answered this question when I said we accepted the peace plan presented by the UN liaison group even though it is an unfair solution. We accepted it but, very regrettably, the international community is incapable of compelling the Serbs to make peace. We prefer a negotiated solution. But we must continue defending ourselves. This is self-defense. This means opening the roads; they must be opened. For example, food has to be sent to some cities. The existing situation favors the Belgrade regime, whose strategy is to maintain the existing situation and to use the UN forces to maintain it. We do not want the existing situation. We want peace and negotiated solutions. But regrettably they are rejecting a negotiated solution. They rejected the UN peace plan. It is very clear that we prefer peace through negotiations, but they reject it.

[Jazulit] It is a strange irony that after three years of fighting between you and the Serbs, the so-called Serbian parliament recently officially declared war. Does this mean that the Serbs want to escalate the military situation or is it merely a specific political tactic to force you to accept what they want?

[Silajdzic] This is a farce, no more, no less.

[Jazulit]) We want to go back to the Arab and Islamic world, especially as the Bosnia-Herzegovina crisis is continuing. As the Bosnian prime minister, do you intend to visit some of the Arab and Islamic capitals to brief the heads of the Arab and Islamic governments on the latest developments? Do you intend to do so? Is there coordination between you and the Islamic countries?

[Silajdzic] There is of course coordination at the diplomatic level, especially in the United Nations. Visits are made whenever possible. There is an unwavering intention to continue the discussions and meetings whenever possible. But our problem in Bosnia-Herzegovina is that time is always short and we are working day and night. These meetings continue.

[Jazulit] Mr. Prime Minister, the Islamic world countries have backed you from the start of the tragedy. What does this support mean for you and for the future of Muslims in Bosnia-Herzegovina?

[Silajdzic] This is support and not humanitarian aid, which we really need. As I said, there is full support at the diplomatic and bilateral levels from the Islamic Conference Organization [ICO] and this is very important. Regrettably, some ICO members have not yet established diplomatic relations with Bosnia-Herzegovina.

[Jazulit] Which countries?

[Silajdzic] I cannot name them, but there are some ICO members. But 99 percent have in fact supported Bosnia-Herzegovina with all their resources.

[Jazulit] It appears that you are being accused of fundamentalism and of Islamic religious extremism. Some voices are accusing you of fundamentalism. What do you say to them? Are you really fundamentalists?

[Silajdzic] Accused of fundamentalism?

[Jazulit] Yes.

[Silajdzic] It appears that we are being accused of sticking to religious orthodoxy. What does fundamentalism mean in the first place? Every religion is fundamentalist. There is another fundamentalism than Islamic fundamentalism in Europe, namely Serbian fundamentalism. They have destroyed 900 mosques but we have not destroyed even a single church. What does this mean? Is it them or us who are the danger? They have destroyed 900 mosques in Bosnia-Herzegovina. Orthodox and Catholic churches and Jewish temples under the government forces' control are safe and intact. Is this a danger? Where is the fundamentalism? Europe's problem is the European fascist fundamentalism, the one made in Europe [previous three words in English]. It is Belgrade's neo-fascism, the fascism of the new and old Nazism, which is still alive. This is the danger. We—and I am one of them, a Muslim from Bosnia-Herzegovina and there are Bosnians all over the Arab world—are a peaceful and democratic people. This is a democratic government that includes Serbs, Croats, Jews, and Muslims. If some parties are against the presence of Muslims in Bosnia-Herzegovina, then we are sorry for them. Yes, we are Muslims and will continue to be so, God willing. But fundamentalism and its meaning is something else. What does fundamentalism mean? This requires at least one or two hours to explain.

[Jazulit] I knew you when you were your country's foreign minister and now I am talking to you as the Bosnian prime minister. It is apparent that you are well-versed in Arab culture and speak the Arabic language very fluently. We believe that you are qualified, as a Bosnian official, to coordinate and strengthen Bosnia's relations with the Arab and Islamic countries. Do you believe that you are qualified for this role and do you want to undertake it?

[Silajdzic] This is a duty. My forefathers visited Mecca to perform the pilgrimage. I regard this as an opportunity to establish and strengthen relations which are natural and fraternal. Our country, Bosnia-Herzegovina, regrettably is in a state of war now, but we will continue to establish these close and strong ties with the friendly, Islamic, and Arabic countries. We are working on this. As I said, these ties do exist, thank God.

[Jazulit] Mr. Prime Minister, the name Sarajevo is closely linked to the war. It has sacrificed a lot and continues to do so like other Muslim cities in Bosnia.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

How you describe the social situation, as the grinding battles are continuing between you and your Serb enemies? How is the daily life of the Bosnian citizen?

[Silajdzic] That is a good question. He is merely living and getting used to this life. But man is strange. He can endure and cannot know how resilient he is until he faces a problem. He knows his limits and resources only after being tested. This is the test in Bosnia.

[Jazulit] Is there an agreement or accord between the Bosnian Government and Muslims in Bosnia-Herzegovina to keep up the confrontation with the Serbian enemy, particularly since a large number of Muslims have left there and now want to return? How can they return?

[Silajdzic] Of course; it is very hard. This a [words indistinct].

[Jazulite] Mr. Prime Minister, I will ask about a point raised lately. It is said that large amounts of Russian weapons are in Germany and that their fate is unknown. Some claim that these weapons have been transferred to the Serbian troops in Bosnia-Herzegovina. Do you have any information about that?

[Silajdzic] We naturally find these weapons with the Serbs. Moreover, there are Russian mercenaries in Bosnia-Herzegovina.

[Jazulite] Russian fighters?

[Silajdzic] Russian mercenaries fighting on the Serbian side. Two days ago, we found the bodies of three Russians who had been killed by Bosnian troops. They are definitely Russian mercenaries. This is well known.

[Jazulit] This is my last question. You are known for your persistence in work and your belief that the current Bosnian Government must emerge triumphant from this war, which has dragged on for years. You are also known for your ambition. You moved up from foreign minister to prime minister. Some say that your ambition is to become president of the Bosnian state after the war. Is this true?

[Silajdzic] I have one ambition and one objective: the freedom of Bosnia-Herzegovina and its liberation of fascist Serbian aggression. I have another ambition, which is to go back to normal civilian life to write books, teach, and so forth. In other words, to return to what I was....

[Jazulite, interrupting] Will you write in Arabic as well?

[Silajdzic] That is possible.

[Jazulite] Mr. Prime Minister; thank you very much for this interview. We hope you will satisfy your ambitions in the near future, God willing.

[Silajdzic] God willing. Thank you.

Article Compares Bosnian Army, Serb Forces

AU1811213494 Split NEDJELJNA DALMACIJA in Serbo-Croatian 4 Nov 94 p 21

[Report by Fran Visnar: "The Serbs Are Losing Battle After Battle"]

[FBIS Translated Text] What motivates the Bosnia-Herzegovina Army, which emerged victorious in northeastern Bosnia, at Kupres, and on Mt. Igman last week? What is it that makes them overpower the Serb army in Bosnia-Herzegovina?

NEDELJNA DALMACIJA has published an extensive account of the creation and development of the Bosniak armed forces. Although some analyses by Western military circles are still not optimistic about the organization and future of the Bosnia-Herzegovina Army, the situation on the ground shows that the Bosnia-Herzegovina Army outnumbers the Serb army (120,000 to 80,000 men). The only remaining advantage of the Serbs is their superior technology, but that does not seems to be enough, as they cannot concentrate a sufficient number of weapons—in the Bihac area, for example, for various reasons (shortage of fuel, spare parts, and ammunition)—to carry out a "lethal counteroffensive" and crush the 5th Corps of the Bosnia-Herzegovina Army.

The skillful indoctrination of their own men (an array of psychological and moral criteria) is a secret behind the success of the Bosnia-Herzegovina Army infantry. Pride is the first and foremost concern of the Bosnia-Herzegovina Army. Newcomers are told that the infantry is the primary and most important corps of the Bosnia-Herzegovina Army and that fighting as a "foot-slogger" is the most honorable, most praiseworthy, and the most patriotic way to serve their country.

The great pride they take in performing dangerous tasks of infantry warfare is further consolidated by the respect the Army itself, but also the state, shows to war veterans and experienced soldiers who have been fighting since 1992. During intensive training, the Bosnia-Herzegovina Army often mixes newcomers with members of elite combat units. The presence of older and professional soldiers during the extremely strenuous training boosts the morale of young and inexperienced soldiers and increases their combat readiness. It makes it easier for the novice to weather his "baptism of fire" and reduces panic to the minimum. The belief that dying or being wounded ultimately benefits all the citizens of Bosnia-Herzegovina, which is also regarded as the highest form of patriotism, takes on a special meaning in the war in Bosnia-Herzegovina.

The second important criterion of the Bosnia-Herzegovina Army is the effective preparation of their units. Soldiers in combat units are constantly being told that they have the best equipment, weapons, training, officers, and commanders. This lays the groundwork for creating a mental state that will enable the soldiers to carry out their tasks (which, they are told, are dangerous and risky) as efficiently and as safely as possible. Many foot soldiers, especially newcomers with little education, believe those stories designed to motivate them.

It is essential for the Bosnia-Herzegovina Army (i.e. its leadership) to have a series of tangible victories to prove to its soldiers that all will end well. This official propaganda line is accepted readily. People believe they will

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

not be killed, they train industriously, and endure the brutal life of a soldier in the state of war without thinking much about bodybags or about maimed war veterans in wheelchairs.

All this helps to establish a military tradition that is gradually overshadowing the initial defeat and many problems associated with the creation of the Bosnia-Herzegovina Army in 1992. Actually, the greatest success of the Bosnia-Herzegovina Army, without exaggerating, is the fact that they managed to overcome their feeling of inferiority. However, they should nevertheless proceed with utmost caution. The Argentine infantry was not defeated in 1982 by island units, but by the highly esteemed British professional troops. The attitude and views of combat units in the Afghan war provide a useful example. The rebels did not have a tradition of defeat and were imbued with strong religious feelings, while the state of mind of the Russian troops ranged from justified fear among the members of regular units to flashy superiority among the members of the small contingents of commandos. A moderate attitude is better than blind optimism, for every unfounded optimism could easily lead to hasty aggressive action on the battlefield. The initial stage of World War I, when hundreds of thousands of soldiers lost their lives in vain in assaults under machine gun and artillery fire, is a good example. A more recent example is the reckless courage of members of the Iranian Revolutionary Guard. Crude and imprudent courage is no match for solid firepower.

The third organizational criterion of the Bosnia-Herzegovina Army is friendship. The Serbs have obviously underestimated the influence that "the immediate military unit" has on participants in a battle. Such a primary unit is composed of five to 40 men who are organized to help each other in combat. The primary group must be well trained and have a good leader, but it is most important that its members know each other very well and that they trust each other, both in their private lives and professionally. They must have faith in their own capability as well as in their commander's. Members of the group must spend at least a couple of months together before they are sent into combat. Practice shows that it is not prudent to introduce new members to the group before it is withdrawn from fighting and sent to the rear or to a facility for training newcomers. Experienced soldiers do not want to get to know new members of the group brought in to replace old members under fire. In life-and-death situations, every soldier must get to know his fellow group-members (friends) very well.

The Bosnia-Herzegovina Army, sticking to and patiently adhering to the above-mentioned criteria, will, in the next couple of months and particularly in 1995, show its real strength. However, the Serbs could also make a major move. If they continue losing battle after battle, they will also suffer a strategic defeat in Bosnia-Herzegovina, with Knin running the risk of being completely cut off from Banja Luka.

Furthermore, the Bosnia-Herzegovina Army's proposal for a joint attack on Kupres may well prove to be the Trojan horse for the Croat side and the HVO [Croatian Defense Council] at a time when Zagreb is so enthusiastic about the negotiations with the local rebel Serbs. If the HVO (Croatia) does not join in, the Bosnia- Herzegovina Army (7th Corps) and the Bosniaks will take all the credit. That would leave an empty page in Croatian history.

The Bosnia-Herzegovina Army Forces Versus Forces of the Serb Army in Bosnia-Herzegovina

Bosnia-Herzegovina Army: 120,000 Soldiers

Unit Name	Headquarters (Command)	No. of Brigades[1]	No. of Soldiers
1st Corps	Sarajevo	21 infantry brigades	40,000
		8 motorized brigades	
		7 mountain brigades	
		2 artillery brigades	
2d Corps	Tuzla	26 infantry brigades	10,000
		1 motorized brigade	
		3 mountain brigades	
		1 engineer brigade	
3d Corps	Zenica	16 infantry brigades	30,000
		1 armored brigade	
4th Corps	Mostar/Konjic	5 infantry brigades	20,000
		1 armored brigade	
5th Corps	Bihac	8 infantry brigades	20,000
		1 special brigade	
6th Corps	Travnik	5 infantry brigades	15,000
		2 hill brigades	

[1] Brigades often have 800-1,200 men, 1,500 at most, but some number as many as 2,600-3,000 men, but never more than 3,500-4,000).

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Serb Army in Bosnia-Herzegovina: 80,000 Soldiers

Unit Name	Headquarters (Command)	No. of Brigades
1st Krajina Corps	Banja Luka	13 infantry brigades
		2 armored brigades
		1 anti-tank brigade
		1 air defense brigade
2d Krajina Corps	vicinity of Bihac	6 infantry brigades
3d Krajina Corps	Doboj	13 infantry brigades
		2 armored brigades
		1 special brigade
Tuzla Corps	Bijeljina	8 infantry brigades
		1 armored brigade
Drina Corps	Zvornik	7 infantry brigades
		4 mountain brigades
		2 armored brigades
Sarajevo-Romanija Corps	Pale	8 infantry brigades
		1 mechanized brigade
		1 motorized brigade
		1 artillery brigade
		1 missile regiment
Herzegovina Corps	Trebinje	7 infantry brigades
		1 armored brigade
		1 independent armored regiment

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

NATO Announces Air Strike on Udbina Airfield

AU2111124994 Paris AFP in English 1240 GMT 21 Nov 94

[FBIS Transcribed Text] Brussels, Nov 21 (AFP)—NATO aircraft attacked the Udbina airfield in Serb-held Croatia on Monday [21 November], NATO said here.

No further details were given.

Airfield 'Inoperational'

AU2111133494 Paris AFP in English GMT 21 Nov 94

[FBIS Transcribed Text] Zagreb, Nov 21 (AFP)—NATO airstrikes Monday [21 November] on the Udbina airport in Serb-held territory in Croatia left the air base inoperational, an UNPROFOR [UN Protection Forces] spokesman in Zagreb said.

Thirty planes took part in the operation, he said.

The spokesman said the operation was "long" and that NATO planes began taking off from their base at 1315 local (1215 GMT).

A spokesman for the alliance's Supreme Headquarters Allied Powers Europe (SHAPE) at Mons, Belgium, said the mission had been launched "within the last two hours." He was speaking at 1300 GMT. "To our knowledge there has been no loss or damage to NATO planes," the spokesman said, emphasising that the mission was not yet complete.

The spokesman said the raid had specifically targetted runways and taxiways at the airport and that a number of anti-aircraft and surface-to-air missile sites in the vicinity had been pre-emptively attacked.

Planes on the ground and hangars were not targetted because of the risk of civilian casualties, the spokesman said.

The spokesman had no details of the number of planes involved.

Serbs Say Villages Hit

LD2111134294 Belgrade TANJUG Domestic Service in Serbo-Croatian 1316 GMT 21 Nov 94

[FBIS Translated Text] Belgrade, 21 Nov (TANJUG)—According to ISKRA [Croatian Serb news agency], quoting sources close to the General Staff of the Serb army of Krajina, NATO aircraft bombed surrounding villages in addition to Udbine airport in an air raid at 1230.

"Surrounding villages also came under attack from NATO aircraft, but there are no reports on whether the air defenses of the Serb army of Krajina responded to the attack," the agency says.

In the same report the agency says that there as yet are no details on the results of the attack.

2d NATO Raid Claimed

LD2111135394 Belgrade TANJUG Domestic Service in Serbo-Croatian 1331 GMT 21 Nov 94

[FBIS Translated Text] Knin, 21 Nov—A TANJUG correspondent from Knin, citing sources close to the General Staff of the Serb army of Krajina, has reported that NATO aircraft carried out a second air strike on Udbina airfield shortly after 1300 GMT.

It has been learned that the wider vicinity of the airfield has also been bombarded.

NATO Denies 2d Strike

AU2111154594 Paris AFP in English 1517 GMT 21 Nov 94

[FBIS Transcribed Text] Brussels, Nov 21 (AFP)—NATO aircraft only carried out one air strike against a Croatian Serb airfield at Udbina, a NATO official said Monday, denying a Yugoslav news agency report that a second raid was carried out.

Reconnaissance flights to take pictures and film the targeted area for assessment purposes were currently winding up the operation, said the official.

TANJUG news agency and the Serb news agency ISKRA earlier reported that NATO had launched a second strike against the Udbina airfield, from where Serbs have carried out raids against the Bosnian safe area around Bihac in northwest Bosnia.

NATO said more than 30 fighter aircraft took part in the raid, with 26 launching bombs to break up landing strips and missiles to wipe out air defense batteries or radars.

The other aircraft provided protection and took pictures for damage assessment.

One Killed, Several Injured

LD2111173494 Belgrade TANJUG Domestic Service in Serbo-Croatian 1706 GMT 21 Nov 94

[FBIS Translated Excerpt] Knin, 21 Nov (TANJUG)—In today's attack by NATO planes on Udbina air base in the republic of Serb Krajina [RSK], according to initial reports that have not yet been confirmed officially, there were several civilian casualties.

TANJUG has learned from RSK army sources that, according to unconfirmed reports, one person was killed and several civilians were wounded. [passage omitted]

According to Serb source initial, the planes dropped about 200 tonnes of explosives on the runway, its facilities, and environs in two waves. Great material damage was caused not only to the runway, but to civilian facilities and houses in the area.

RSK President Milan Martic, it has been learned, has toured the site of the bombing.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

UN: Strike Result of de Lapresle, Akashi Requests

AU2111142394 Paris AFP in English 1411 GMT 21 Nov 94

[FBIS Transcribed Text] Sarajevo, Nov 21 (AFP)—Some 30 NATO planes Monday raided the Udbina airfield in Croatia's Serb-held Krajina region "as a warning" to the Serbs not to use their aircraft to strike at the neighbouring Bosnian enclave of Bihac, a UN Protection Forces (UNPROFOR) spokesman said here.

The attack was carried out at the request of UNPROFOR commander General Bertrand de Lapresle and UN special envoy to the former Yugoslavia Yasushi Akashi, Major Herve Gourmelon said here. [passage omitted]

There was no immediate Serb reaction here to the strike, though one Bosnian soldier was shot dead by a sniper in town just as news of the air strike was reported.

RSK 'President' Martic on NATO Air Strike

AU2111145594 Belgrade Radio Beograd Network in Serbo-Croatian 1400 GMT 21 Nov 94

[FBIS Translated Text] We have just received a statement by Milan Martic, president of the republic of Serbian Krajina [RSK], on NATO's bombing of Udbina airport. Here is his statement:

[Begin Martic recording] The international community has decided to take an action that will certainly not contribute to the establishment of peace in this region. The bombing of Udbina airport by NATO represents an impudent and a vandalistic attack on the sovereign RSK, despite the fact that we gave no reason whatsoever for this attack.

Therefore, the responsibility for all consequences will be borne by the international community, which, with this act, directly sided with Croatia and in this way rejected the peace option.

My message to the people of the RSK is that the Serbian army of Krajina is taking all the necessary measures to protect civilian and military facilities and the population from possible new attacks.

Members of UNPROFOR [UN Protection Forces], who are stationed in the RSK, have not contributed in any way to the occurrence of these attacks. Therefore, they must remain safe. [end recording]

Mikelic Condemns Attack

LD2111203294 Belgrade TANJUG Domestic Service in Serbo-Croatian 1935 GMT 21 Nov 94

[FBIS Translated Text] Belgrade, 21 Nov (TANJUG)—Borislav Mikelic, prime minister of the republic of Serb Krajina [RSK], on behalf of the RSK government, tonight sharply condemned NATO's attack on Udbina air base. He says that this attack was an act of vandalism.

"The way the NATO aircraft carried this out is reminiscent of the onslaught of Nazi planes on Yugoslavia, that is Belgrade on 6 April 1941," Mikelic said in his statement to TANJUG.

The RSK prime minister added that this attack surely did not help peace in the area of the former Yugoslavia, as it will encourage those forces who want to "extend the war option and the war itself in this area, and deny a people their right to self-determination."

"Had they wanted to protect peace they would have opposed the attacks by the Muslim Army's 5th Corps on Serbian positions, as well as those launched by Croatian forces on Kupres. On this occasion the Serbian people had to go into exile, just as they had to in 1941," the RSK prime minister stressed.

Mikelic maintains that the air raid on Udbina is also an attack on the peace process. He nevertheless added that the Serbian people must "remain sensible in its approach to the international community—UNPROFOR forces—as any provocation would give NATO and Franjo Tudjman a chance."

Babic Protests Resolution

LD2111143494 Belgrade TANJUG Domestic Service in Serbo-Croatian 1355 GMT 21 Nov 94

[FBIS Translated Text] Belgrade, 21 Nov (TANJUG)—Milan Babic, minister of foreign affairs of the republic of Serb Krajina [RSK], expressed dismay that Great Britain initiated the UN resolution that permits NATO to use air force against the RSK.

In a letter sent late last night to British Foreign Secretary Douglas Hurd, Babic underscored that it is worrying that the British initiative followed the Croatian demand for targets in the RSK to be bombed and that Croatia gave its "approval" for such undertakings even though Krajina has historically never been a part of a sovereign and independent Croatian political entity.

Babic stressed that the RSK has never had, and continues to have no territorial claims against other states, because it is its principle that all conflicts should be resolved by peaceful means, a statement given to TANJUG today says.

Martic: NATO Used 'Banned' Missile Systems

LD2111230094 Zagreb HTV Television in Serbo-Croatian 2140 GMT 21 Nov 94

[Statement by Milan Martic, president of the republic of Serb Krajina, on Krajina Serb TV on 21 November]

[FBIS Translated Text] (?This was indeed) a vandalistic act by NATO forces, which on this occasion openly sided with our enemy, in other words Croatia, and at the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

request of Croatia bombed our airport at Udbina. This was utterly cynical in view of the fact that yesterday we agreed with UNPROFOR [UN Protection Forces] that, by way of proof of our good intentions, we would place trucks on the runway at Udbina, and that Udbina would not be attacked. This was in fact done to deceive our air defense systems, and after this they dropped the bombs.

Besides this, what is inappropriate is that these NATO forces carried out another aggressor-style act because they hit civilian targets. They hit the village of Visuc and villages here around Udbina, and we had seven wounded, and they also used missile systems that are banned by international conventions. In other words, they also dropped cluster bombs.

What I would like to say here is that this will not cause us to falter. The republic of Serb Krajina is sovereign and this will give us additional strength and motivate us to defend ourselves against all aggressors' forces, even if they are part of NATO forces.

Tudjman Hopes Air Raid Will 'Influence' Serbs

LD2111152894 Zagreb Radio Croatia Network in Serbo-Croatian 1500 GMT 21 Nov 94

[FBIS Translated Text] Here is what President Tudjman's press secretary Jozo Curic said about the president's reaction to the NATO air strike on Undina airfield:

[Begin Curic recording] The Republic of Croatia expects that the resolve displayed by the international community will influence the Serbs in the occupied parts of Croatia to accept the peaceful reintegration of these areas into Croatia and that this will bring us closer to a political solution for Bosnia-Herzegovina, this is what Croatian President Franjo Tudjman said in his first reaction.

President Tudjman said Croatia had expected such developments. He spoke of letters from Presidents Zubak and Izetbegovic in which they asked Croatia for help, based on the cooperation between Croatia and the Federation of Bosnia-Herzegovina.

I believe that the action of the international community and unity displayed by NATO is a sign that the Croatian president was right to send letters to the NATO secretary general and the UN Security Council chairman. [end recording]

U.S. Envoy Expresses NATO Thanks to Tudjman

LD2111185294 Zagreb Radio Croatia Network in Serbo-Croatian 1800 GMT 21 Nov 94

[FBIS Translated Text] Croatian President Dr Franjo Tudjman today received U.S. Ambassador to Croatia Peter Galbraith in the presidential palace, the president's office announced this evening.

The announcement says that the meeting was attended by Ambassador Miomir Zuzul, the president's special envoy; Colonel General Zvonimir Cervenko, head of the president's military office; Dr. Zeljko Matic, the president's foreign affairs advisor; Richard Herrick, military attache in the U.S. Embassy in Zagreb; and U.S. Embassy First Secretary Stephen Clamp.

On behalf of NATO, Ambassador Galbraith thanked the Croatian president for his prompt response in agreeing to NATO air action on the occupied territory of Croatia. Concern was expressed over the safety of UNPROFOR [UN Protection Forces] staff. Croatia stressed its readiness to cooperate fully with the international community, the president's office said.

Granic Welcomes Implementation of Resolution 958

LD2111165794 Zagreb Radio Croatia Network in Serbo-Croatian 1600 GMT 21 Nov 94

[FBIS Translated Text] Croatian Foreign Minister Mate Granic has said that he hopes that this time the international community is decisive.

We welcome not only the fact that Security Council Resolution 958 was passed, but that it is being rapidly implemented because, at the request of and with the expressed permission of the Republic of Croatia, it allows the United Nations and especially the NATO alliance to use our air space for actions against Serb forces which, from the occupied territories, i.e. the UNPA's [UN Protected Areas], have been launching attacks on the protected zone around Bihac in the Republic of Bosnia-Herzegovina, Croatian Foreign Minister Mate Granic told HINA.

According to Minister Granic, events in the Bihac area can justifiably be called a very dangerous and critical watershed in the course of the current crisis in southeastern Europe. At the height of the relentless Serb aggression against Bihac—an area under UN protection—many international factors are now finally clear in their own minds that the Serb rebels both in Croatia and Bosnia-Herzegovina are indeed carrying out joint actions, Mate Granic stressed.

He also said that Croatia paticularly welcomes the fact that Resolution 958 was accepted in accordance with urgent procedure at the request of Franjo Tudjman, president of the Republic and that it was approved unanimously.

Minister Granic also added that if the impermissible actions of the Serb rebel forces do not cease, Croatia will not renounce its legal right, in agreement with the international community, to establish control over the whole of its territory.

Defense Security Council Approves NATO Action

LD2211154994 Zagreb Radio Croatia Network in Serbo-Croatian 1400 GMT 22 Nov 94

[FBIS Translated Text] We have just received a statement from the office of the president that a session of the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

inner Defense and National Security Council was held in the presidential palace today.

The council welcomed the action by NATO forces against the Udbina airport, seeing it as the international community's very distinct support for the sovereignty of the Republic of Croatia and as pressure on the Serbs from the occupied areas designed to bring about a political solution to the reintegration of UN protected areas into the constitutional and legal system of the Republic of Croatia.

The council sees the need for further steps by the international community to secure implementation of relevant UN Security Council resolutions. In light of the very difficult situation in the area of western Bosnia this refers, in particular, to the need to prevent attacks by Serb paramilitary units from UN protected areas on the Federation of Bosnia-Herzegovina and the internationally recognized Republic of Bosnia-Herzegovina and the control of the internationally recognized borders of the Republic of Croatia in line with UN Security Council Resolutions 769 and 959. In this context the council also discussed a temporary agreement to allow NATO close air support for UNPROFOR [UN Protection Force] forces in the areas of the Republic of Croatia under UN protection.

The council endorsed the agreement and insisted that it should be implemented with full respect for the sovereignty of the Republic of Croatia and in coordination with Croatian authorities, the presidential office says in its statement.

Serb Troops Deploy Outside UNPROFOR Base

AU2111214394 Paris AFP in English 2124 GMT 21 Nov 94

[By Victoria Stegic]

[FBIS Transcribed Text] Topusko, Croatia, Nov 21 (AFP)—Croatian Serb forces Monday [21 November] deployed outside UN bases Monday in reponse to a NATO air strike earlier in the day on an airport in Serb-held Croatia.

In this town just north of the Bosnian border, Serb soldiers were posted at the entrance to UN Protection Forces [UNPROFOR] headquarters, where they prevented all UN military and civilian vehicles from passing through, an AFP correspondent reported. A Serb tank also took up position near the entrance.

UN peacekeepers were only permitted to leave the compound on foot to walk to the nearby hotel where they have been consigned when off duty since being placed on maximum red alert Sunday. Serb guards in bullet-proof vests and helmets have been posted inside and outside the hotel, and authorities in the region have declared a partial blackout.

Several hours after the North Atlantic Treaty Organisation planes bombarded the Udbina airport, from where Croatian Serb fighters were launched Friday and Saturday on raids on northwest Bosnia, tension was palpable here. But the security measures taken by the Croatian Serbs seemed of pre-emptive rather than aggressive intent, prompting little agitation on the part of UN personnel.

"The Serbs have reacted quite reasonably," said an unnamed senior UN official here, a day after they had threatened the Topusko headquarters with reprisals in the event of a NATO strike. "You can see for yourself that nothing has happened to us," the official added.

The Croatian Serbs' UNPROFOR liaison officer, Colonel Slobodan Lazarevic, also seemed relaxed when he emerged from the headquarters late Monday. "We have taken measures to protect the peacekeepers," he said.

Earlier Monday, the "president" of the breakaway Croatian Serb region of Krajina, Milan Martic, condemned the airstrike as an "act of vandalism," TANJUG reported in Belgrade.

He added that the army of the Serb-held Krajina region, which covers about a quarter of Croatia, was taking "all necessary measures" to defend civilian and military sites and to protect the area's population from further attacks.

But he noted that UN personnel stationed in the region had "in no way contributed to this attack, and as a consequence, their security must be assured."

The mayor of Krajina's main town of Knin called on civilians not to give way to panic, while Knin television broadcast pictures of a large crater on the Udbina runway, and of the blown-out windows of a nearby house.

UN Post Near Udbina 'Surrounded' by Serbs

AU2111173494 Paris AFP in English 1715 GMT 21 Nov 94

[FBIS Transcribed Text] Sarajevo, Nov 21 (AFP)—Two UN Czech soldiers are believed to be held hostage in Serb-held Croatia and a UN observation post has been surrounded by Serb forces, a UN Protection Force spokesman said here Monday [21 November].

This followed an air raid by the North Atlantic Treaty Organisation Monday morning against the Udbina air base in Croatia from which Serb aircraft had earlier carried out bombing raids on neighbouring Bosnia.

The reaction to the air raid by local people had been very "hostile", Major Koos Sol said here, and several UN vehicles had been damaged.

An observation post near Udbina airfield, believed to be manned by Czech UN soldiers, had been surrounded by

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

secessionist Croatian Serb forces and negotiations were going on in a bid to resolve the crisis.

It was not immediately known how many UN peacekeepers were at the observation post.

2 Czech UN Troops 'Captured'

LD2111173594 Prague Radiozurnal Radio Network in Czech 1700 GMT 21 Nov 94

[FBIS Translated Text] At least two Czech UNPROFOR [UN Protection Forces] soldiers were captured by the Krajina Serbs today. This information, provided by a trustworthy source based in the war-stricken area of the former Yugoslavia, has been confirmed by the Czech Foreign Ministry.

Serbs Release Peacekeepers

LD2211014894 Belgrade TANJUG in English 0018 GMT 22 Nov 94

[FBIS Transcribed Text] Belgrade, Nov. 21 (TANJUG)—Two Czech U.N. peacekeepers held by Krajina Serbs after NATO's air raid on Udbina airfield Monday have been released unharmed, Czech Defense Minister Vilem Holan said.

Holan told Nova Television in Prague the two had been held for an hour.

U.N. officials said that Serb Krajina troops had detained the two Czech soldiers found keeping Udbina airfield under observation.

UNPROFOR Placed on Alert in Sector West

LD2211105794 Zagreb Radio Croatia Network in Serbo-Croatian 1000 GMT 22 Nov 94

[FBIS Translated Text] In Sector West [UN-controlled part of Croatia] UNPROFOR [UN Protection Forces] has increased the level of readiness. This means that all activities within the peace mission deemed unnecessary have been halted. (Susan Manuel), Sector West's spokesperson, confirmed that units of the UN civilian police in both the free and occupied areas of Pakrac have been withdrawn to the UNPROFOR base in Daruvar. She also said that a number of people in combat uniforms and armed with infantry weapons were seen in the occupied [Serb-held] area of Pakrac and that mortars are in evidence in Donji Caglic.

UN: Government To Extend NATO Air Mandate

AU2111135494 Paris AFP in English 1333 GMT 21 Nov 94

[FBIS Transcribed Text] Zagreb, Nov 21 (AFP)—Croatian authorities currently intend granting an extension to the one-week time limit they have given NATO to carry out air raids against rebel Serbs, an UNPROFOR spokesman requesting anonymity said.

Croatian officials refused to comment on the information on Monday morning [21 November].

The Croatian Government Saturday authorized NATO to use its airspace for one week to attack rebel Serbs in the self-styled Krajina republic established in Croatia.

NATO council members Saturday unanimously endorsed the UN Security Council resolution giving the green light to airstrikes in the wake of air raids carried out from Croatia on the Bihac enclave in northwestern Bosnia.

The UNPROFOR official said Monday that discussions were taking place to extend the time limit and that such an extension would have positive results for Zagreb. International pressure would be stepped up on the Serbs of Krajina who were already nervous and weakened, he said.

By extending the time limit, the Croatian Government would be able, via NATO, to keep an eye on the activities of the Krajina Serbs without engaging their ground troops, the UNPROFOR official said.

The Croatian Government has said it would come to the aid of the Moslem-led government army if Bihac were to fall to Bosnian Serbs.

Granic: No Normalization Till Croatia Recognized

LD2211135694 Zagreb Radio Croatia Network in English 1303 GMT 22 Nov 94

[FBIS Transcribed Text] Croatia's foreign minister, Mate Granic, stated that Croatia would uphold its decision of no normalization with the Belgrade regime until Croatia is recognized by them in its internationally recognized borders. Speaking to a foreign affairs committee of the Croatian Parliament, Mr. Granic also informed the members of the Croatian Government's discussions with the Croatian Serbs from the occupied areas, the contact group's plan for Bosnia, and the NATO air attacks on the Udbina airfield.

RSK Serbs React to Croat Incursion

LD2111183194 Belgrade TANJUG Domestic Service in Serbo-Croatian 1741 GMT 21 Nov 94

[FBIS Translated Text] Knin, 21 Nov (TANJUG)—An incursion by members of the Croatian Army in the separation zone in Sector North is the reason Why Serbian soldiers have increased their presence along the border with Croatia, the HQ [Headquarters] of the republic of Serb Krajina [RSK] Army's 39th Corps said in a statement tonight.

The Serbian side explains the increased presence of its forces as a necessary preventive measure, triggered by "the incursion of Croatian formations in the demilitarized zone," something regarded as a violation of the Zagreb cease-fire agreement.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Representatives of the 39th Corps presented several reports, which point to "a great deal of evidence indicating possible aggression by the Croatian Army."

Colonel Zarko Gacic, commander of the 39th Corps stressed the willingness of the Serbian side to implement the cease-fire agreement, "provided the Croatian side withdraws to the demarcation line, i.e. the Croatian Army puts an end to its display of force and provocations along the border with Krajina."

Netherlands Recon Soldiers Pull Out of Split

BR2111151794 Amsterdam DE VOLKSKRANT in Dutch 19 Nov 94 p 5

[Unattributed article: "The Netherlands Withdraws Part of Transportation Battalion From Bosnia"]

[FBIS Translated Excerpt] The reconnaissance troops of B Company, who were denied access to the Bihac enclave by the Bosnian Serbs, moved from Split to the Croatian capital of Zagreb the last few days. Although there are hostilities both in the northern and southern part of the enclave, the unit believes it will be easier to move into northwestern Bosnia from Zagreb, through UN-controlled territory.

The destination is Coralici, a town where B Company will bivouac. Coralici is right in the middle of the enclave, west of the city of Cazin. During the war, there were no fights in this area. [passage omitted]

General Bobetko Views Recent U.S. Visit

AU2211113494 Split SLOBODNA DALMACIJA in Serbo-Croatian 17 Nov 94 p 5

[Interview with General Janko Bobetko, chief of the General Staff of the Croatian Army, by Berislav Cuvalo; place and date not given: "Croatia Must Watch Every Step It Takes"]

[FBIS Translated Text] *The two-week visit to the United States by General Janko Bobetko, chief of the General Staff of the Croatian Army, ended in Washington where he talked with Gen. John Shalikashvili, chief of the Joint Chiefs of Staff; Gen. Clark, chief of planning; Gen. Sullivan, chief of the U.S. ground forces; and Richard Holbrook, the secretary of state's adviser for Europe and Canada.*

Shortly before his plane took off for Croatia, we asked Gen. Bobetko the following questions:

[Cuvalo] According to serious political forecasts, it is only a balance of forces that could ensure peace in the Balkans. What do the U.S. military strategists think about that?

[Bobetko] My talks with the U.S. military and other officials can be reduced to a single, unanimous assessment, which is that the United States completely understands the Croatian situation, and it will do anything it can in terms of support and help for the Croatian policy. The United States has assessed the situation in Croatia as extraordinary and one of the very sensitive texts of the Washington agreement. [sentence as published] The U.S. assessment is that Croatia must take care that one incident does not call in question the entire Croatian policy, with which the United States agrees, because the course of events will benefit precisely the policy that has been established by the Washington agreement, so one has to prevent by every means any attempt to bring discredit upon it, or to give it up.

On the other hand, Serbs may expect only a more severe blockade and measures that are being planned against them through other institutions, while the United States is very interested in Croatia's remaining consistent and reserved toward any kind of provocative actions. Which is to say, the whole thing does not boil down to a sort of lesson-teaching, but rather to recognition of the success that Croatia is achieving today in U.S. policy and in the world, while the United States is ready to help Croatia in terms of education of its military cadre, procurement of military equipment and in any other way. Clearly, all this cannot be expressed by a single sentence, so a contract will be signed on 29 November this year. The U.S. officials whom I spoke with not only agreed upon that, they also promised extensive support and aid to Croatia. In such situations this does not have only a political character, but also a certain attitude, that is, acceptance of and regard for what Croatia has done so far. This creates a certain obligation, which means a lot to Croatia.

Some Would Like To Drag Us Into War

[Cuvalo] Croatia is developing as a democratic state, and it wants to be an integral part of the Western world. One of the goals is NATO membership, while the first step in that direction is the participation in the Partnership for Peace project. What are the chances of Croatia's achieving that goal, and can it be done in the near future?

[Bobetko] I did not discuss that subject very much, but there is precisely such an attitude here in the Pentagon and the State Department. Clearly, one cannot make progress by leaps and bounds, one moves gradually forward, but I think that Croatia is on quite a good path to achieve that soon. That depends on other events that have their own weight, but as far as Americans are concerned, not only will they make no obstacles to us on our path, but their view is precisely that Croatia should be admitted in those alliances.

[Cuvalo] Presidents Izetbegovic [of the Republic of Bosnia-Herzegovina] and Zubak [of the Bosnian Federation] have sent a letter to President Tudjman, in which they refer to the Serbian attacks against western Bosnia, that are being carried out from the occupied Croatian regions. Both of them demand that Croatia do something to stop that aggression. According to international law, Croatia is even obliged to prevent any danger to the friendly country coming from its own territory. What are

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

the realistic possibilities of Croatia's doing something about it? I ask you this because Darko Bekic has stated, according to some reports by news agencies, that Croatia will be forced to intervene if Bihac falls.

[Bobetko] I do not know what Bekic said, and what his assessment or estimate is. The Croatian attitude is that Bosnia-Herzegovina is a sovereign country, while Bihac is a safe haven. I talked with Gen. Shalikashvili several minutes ago, and our conclusion is that the protection of Bihac must be assumed by the forces that passed the resolution, for two reasons: First, Bihac is a safe area, and second, the airspace above Bihac is controlled by NATO forces. If Bihac is being shelled from Croatian territory, that means that someone is not doing his job.

Today one can quickly establish to whom those aircraft belong, and from what place they are carrying out raids, while obviously there are many possibilities to frustrate the actions of those aircraft, or even to shoot them down. I am not sure, but I do not think I am all too wrong in my opinion that NATO forces will not carry out air strikes against the Serbian forces soon, and thereby prevent the further escalation of the war. We shall see what happens, because things change fast. After all, since I am not in Croatia at the moment, I cannot be very precise, while what I may say is that Croatia is reckoned too much as a crucial factor in dealing with the situation.

The Americans did not say that Croatia should attack. On the contrary, they think that Croatia must watch every step it takes, in order not to diverge from its course of seeking a peaceful solution, while they will press UNPROFOR, or rather, they will urge UNPROFOR to help prevent the aggression against Bihac. Some would like to drag Croatia into a war and bring discredit upon the Washington agreement, whereas others, with international responsibility, would like to stay out of all that, saying: We would have done that, had Croatia not acted first, it did not consult us, it acted impulsively, and therefore we are no longer interested in the situation, and have no obligations whatsoever. So, such an action would be an adventure, rather than politics.

Unrewarding Forecasts

[Cuvalo] UNPROFOR in Croatia has not fulfilled any of its obligations. The Croatian Assembly and the Croatian president have set the deadlines. The deadlines are stated also in resolution 947. If Croatia really cancels UNPROFOR's mandate, will that result, in your opinion and as some maintain, in an all-out war between Croatia and Serbia?

[Bobetko] Such forecasts are unrewarding for anybody. But I would not say that UNPROFOR has not done anything. The latest decision of the Croatian Assembly is quite precise, and now one should wait and see what UNPROFOR will do. Nor do they have much time. They cannot solve problems in the last eight days. Croatia will certainly persevere in its course. Will that mean war? I would not say that Serbia has such potential that it can do whatever it wants. The international community will simply not allow any escalation of the war, and particularly not any arbitrary, uncontrolled actions taken by the aggressor.

[Cuvalo] How do you assess, from the military point of view, the further course of events on the battlefields in Bosnia-Herzegovina, particularly the joint actions taken by the Bosniak-Muslim army and the Croatian Defense Council [HVO]?

[Bobetko] Joint actions are the only realistic way of getting out of the situation that they are in, and it is the only way to ensure the survival of the sovereignty of Bosnia-Herzegovina. That is the only way for both people to legally protect their interests, and thereby to resist the pressure from inside that could suit the Serbian strategy of crushing opponents one by one, in which Serbs have so far been quite successful. There are no doubts about whether there should be joint actions or not. This has been historically confirmed, even though the Federation functions in certain elements, while in other elements it does not. Joint actions are the only way; they must be absolutely observed, and both parties must be aware of that. Otherwise they will undermine their own positions, and leave room for the Serbian aggression.

[Cuvalo] Carried by the heroic enthusiasm of defending the country, Croatia managed to organize its army in an unbelievably short period of time. How is this assessed by the American experts, and how do they view chances for the further development of the Croatian Armed Forces?

[Bobetko] They follow the development of the Croatian Army, and have absolutely authentic data at their disposal, while the general assessment is quite positive. They are ready to support the further development of the Croatian Army also by contracts, and these are already being worked out.

We Should Learn From Diaspora

[Cuvalo] During the two weeks of your stay in the United States you visited almost all the big cities where there are large numbers of the Croatian immigrants. What are your impressions of the Croatian diaspora in the United States and Canada?

[Bobetko] It has happened several times that people came from Croatia to visit Croatian immigrants, and confused them, representing things inaccurately, in a petty-political manner, forgetting that Croatia was at war, and that Croatia needed every single man and above all its unity. Many of them went too far, even rudely injuring the dignity of their own people, which not only surprised the Croats abroad, but also bewildered them, because they could not believe how low some people can bring themselves. Instead of encouraging our compatriots, who had gone abroad to build their future there, those people did precisely the opposite.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

My visits to Croats in New York, Toronto, Cleveland, Chicago, and Los Angeles were for me a live contact with our people there. I admire their resourcefulness, and I think that many solutions could be found for the Croatian economy through consultations with successful Croats from abroad, who show a remarkable degree of national consciousness and willingness to help Croatia. Unfortunately, there is no system, and we have not developed a framework to adopt their ideas. It is not the people from the Croatian diaspora that should learn from us, it is us in Croatia who should learn from them, because we are the ignorant ones. Therefore, if they know how to do things in America, they will certainly know how to manage the economy in Croatia.

Iran's Va'ezi: Bihac Muslims Need Support

LD2211102294 Tehran Voice of the Islamic Republic of Iran First Program Network in Persian 0430 GMT 22 Nov 94

[FBIS Translated Text] Iran's deputy foreign minister for Euro-American affairs, [Mahmud] Va'ezi, met with the prime minister of Croatia yesterday. In the course of this meeting Nikica Valentic described relations between Iran and Croatia as good and expressed gratitude for Tehran's political and economic assistance to Croatia on various occasions.

Mr. Va'ezi, in return, criticized the silence of the international community in the face of Serbs' aggression. He said: The Muslims in Bihac need serious and effective international support to continue their defensive operations. He stressed: The victories gained by the Bosnian Muslims in various regions, while creating a power balance in the region, will facilitate a peaceful solution of the region's crisis through political talks.

Civilian Airline Traffic 'Back to Normal'

AU2111130294 Paris AFP in English 1233 GMT 21 Nov 94

[FBIS Transcribed Text] Zagreb, Nov 21 (AFP)—Croatian air traffic was back to normal Monday [21 November], two days after the UN Security Council authorised NATO troops to fire back at Croatian Serbs who last week attacked the UN safe-zone of Bihac in Bosnia.

International and domestic airlines reported no flight cancellations and displayed no signs of panic. State carrier, Croatian Airlines, even broadcast a 20-minute advert on national television encouraging passengers.

Croatian President Franjo Tudjman gave NATO permission to launch attacks on Croatian Serbs from Croatian airspace for one week.

But, according to unconfirmed reports from UN military sources here on Monday, that period could be extended.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Gligorov Sets Out Political Objectives

AU2211100794 Skopje VECER in Macedonian 21 Nov 94 p 4

[G.M.-signed report: "A Dialogue Without Endangering Identity and Dignity"]

[FBIS Translated Text] Kiro Gligorov, the president of the Republic of Macedonia [The Former Yugoslav Republic of Macedonia], when making a solemn oath to the Macedonian Assembly, addressed the newly elected members of parliament on the evening of 19 November. Actually, he spoke about his new presidential program, that is the tasks ahead of him over the next five years.

After recalling that we had achieved important historical goals for our people, such as a sovereign and independent Republic of Macedonia, the establishment of the foundations for parliamentary democracy, a state governed by laws, and determinations for market reforms, Gligorov reviewed some basic elements in the future policy of the Republic of Macedonia on the foreign and domestic planes.

Relations With Neighbors

Starting from the attitude that "an independent Macedonia is the key to peace in the southern Balkans" and that the "policy of equal distance in our relations with our neighbors is in our real national interest and that it represents the best guarantee for the survival of our state and people," Gligorov reviewed the present situation related to each of our neighbors separately.

Concerning the Republic of Albania, he said that there is a positive trend in cooperation that we must continue "in the firm belief that we have not yet used all the potentials, particularly in economic and political cooperation, the intensification of traffic communications, and the joint interests in promoting the rights of Albanians in Macedonia and of Macedonians in Albania."

Gligorov said that we have to continue with the positive trend with Bulgaria and open new, natural east-west communications. "We believe that this cooperation will become a further expression of Balkan political reality and that it will be accomplished through a liberation from the historical burden in relations with the Republic of Macedonia and the Macedonian nation."

He also reviewed the relations with the neighboring Federal Republic of Yugoslavia saying that "unfortunately, we have not yet recognized each other," and "that this seriously burdens not only confidence and mutual relations, but also the wider stability in the southern Balkans."

Naturally, President Gligorov spoke mostly about relations with Greece. He reiterated to parliament that "we are ready to approach the signing of an interstate agreement with the Republic of Greece on the inviolability of our mutual border. In our opinion, this agreement could be guaranteed by the United Nations, the European Union, the United States, and so on." Gligorov then solemnly stated that the "Constitution of the Republic of Macedonia does not contain any territorial aspirations or expressions of interference in the internal affairs of Greece or any other neighbor." Concerning negotiations, he expressed our determination to continue the dialogue to search for a solution to the existing Macedonian-Greek dispute stating that "we are ready to talk about all questions of importance to Macedonian-Greek relations that will not imperil our national identity or the dignity of our people."

Gligorov told the newly elected members of parliament that another important element in Macedonian foreign policy is the long-term orientation to EU integration and the collective security systems, to join "Partnership for Peace" and to become a member of NATO. On this occasion he particularly stressed the development of Macedonian-U.S. relations and he called upon the United States to start the process of rapidly establishing diplomatic relations as "an essential and logical step, which will have a stabilizing influence on the region."

Primary Tasks

In the second part of his speech Gligorov reviewed internal policy. He pointed out the necessity for profound economic changes, for a stabilization of the economy, for an overall revival of the civic society, and for a state governed by laws as the primary tasks, as well as for the finalization of the administration, greater efficiency of the executive, and reinforcement of the administrative authority. He also pledged further development of interethnic relations in a spirit of understanding and tolerance, as well as the rights of the minorities.

Gligorov said that we would not deviate from the determination to develop a market economy and that "very soon we will have to intensify the initiated processes of privatization and structural changes, as a basis for the implementation of the stabilization program and for opening new investment cycles in Macedonia."

He warned the members of parliament that huge tasks in the sphere of administration were ahead of them, and that all this will influence the changes in the Republic of Macedonia. He particularly stressed the need for changing the state administration that was formed and inherited from another system, which does not satisfy the needs for a democratic and civil society. "The indolence, the irresponsibility that you feel when you are at the mercy of the authorities in front of a desk is not compatible with the behavior of any state toward its citizens," Gligorov said.

In reviewing the danger of the spreading crime, bribery, and corruption, Gligorov said that "in a democratic society public service does not mean a place for employment and making wealth, as was the case in the former system. The place for that is in business and private enterprise." He said that state and public service must

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

not make a rich man out of anyone and that it can only provide a place and honor in society."

In a separate part of his speech he talked about the development of interethnic relations, emphasizing that "the most efficient way to resolve them is through political dialogue on an equal footing and with a joint concrete responsibility that can be accomplished through the representatives of minorities' political parties directly participating in government." In this sense he stated that he would remain "consistent in the concept of development of interethnic relations because of its profound humanistic orientation and because of the spirit of centuries' of coexistence in this country, as well as because of its European image that, among the rest, is confirmed by all this, and for the benefit of each individual citizen." He said that the questions that exist in education and other aspects of society can only be solved jointly, with arguments, and with a dialogue within the frameworks of the Constitution and laws.

Finally, Gligorov reiterated his firm determination to carry out the function of the president of the Republic of Macedonia in conformity with the constitutional provisions, as president of all the citizens of Macedonia, regardless of their party, political, ethnic, or religious affiliations.

Report Views Parliamentary Constitutive Session

AU2211103594 Skopje VECER in Macedonian 21 Nov 94 p 4

[Report by V.V.A.: "New Assembly Constituted"]

[FBIS Translated Text] Two days ago the constitutive session of the new Assembly of the Republic of Macedonia [The Former Yugoslav Republic of Macedonia] was held, at which the mandate of 116 members of parliament that were elected at the second multi-party elections, was verified. The session was chaired by the oldest member of parliament Aleksandar Ivanovski, a representative of the SDSM [The Social Democratic Alliance of Macedonia]. Upon a proposal of the commission for elections and nominations that was supported by 39 members of parliament of different parties in the Assembly, Stojan Andov, the leader of the Liberal Party and chairman of the parliament, was elected for a period of four years. Stojan Andov received 107 votes, and nobody abstained or opposed. Kiro Gligorov, the president of the state, also attended the constitutive session, as well as the prime minister, members of the government, representatives of high state and administrative institutions, of the Macedonian Academy of Science and Arts, the university, the General Headquarters of the Macedonian Army, and of church and religious associations.

Naser Ziberi, Abdurahman Aliti, and Ismet Ramadani of the PDP [Party for Democratic Prosperity] opposed the election of Nikola Popovski from Skopje constituency no. 103. In their discussions they exposed arguments about violations: Popovski caused unlawful agitation, he took the electoral documents to the SDSM headquarters, he "suspended" some members of the electoral commission and provoked their deputies, there was an excessive number of ballots.... Agim Fazliu, PDP, protested because, unfortunately, the Electoral Commission and the Supreme Court rejected his complaint. The speakers assessed that this was a striking example of how the elections were falsified. A total of 95 members of parliament voted for the verifications, 15 were against, and one abstained.

Nake Stojanovski, the president of the Commission for elections and nominations, expounding the Commission's proposal for chairman of the Assembly, said that there were several reasons for this proposal. First of all, during his first mandate, in spite of complicated conditions, he showed himself to be skilled in chairing the parliament sessions and he also proved to be a reliable person. Stojan Andov played the key role as president of the Constitutional Commission in defining the regulations of the Constitution when it was to be adopted.

On being elected chairman of the parliament, Stojan Andov expressed his gratitude, saying: "I hope this parliament that enjoys the confidence of the electoral body in the state will fulfill its tasks successfully, first of all in constructing a state of parliamentary democracy." He also thanked the members of the previous parliament and he emphasized that their basic task was to strengthen the independence of the state and that they were faced with numerous doubts and opposed views, but in spite of all that they were succeeding in fulfilling their tasks.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Federal

Government Condemns NATO Air Strike on Udbina

AU2111222294 Belgrade Radio Beograd Network in Serbo-Croatian 2100 GMT 21 Nov 94

[FBIS Translated Text] At its session chaired by Federal Prime Minister Radoje Kontic, the Federal Government discussed the UN Security Council Resolution 958, which extends the authorization for the use of air forces in certain cases to the republic of Serbian Krajina [RSK]. This was reported by the Federal Secretariat for Information.

The Federal Government condemns most sharply the unfounded and irresponsible bombing of Udbina airport by NATO planes, considering it to be a new proof of one-sidedness and partiality that the Security Council, under the influence of the countries that have their own strategic interests in the region, has demonstrated in the Yugoslav crisis.

This course is benefiting extremists, threatens to render further peace efforts senseless, and is leading the entire Yugoslav crisis into a new dark era, and perhaps even into a war option of wider proportions.

The Federal Government expresses the deepest concern about the one-sided and partial decision of the UN Security Council. As was the case with the previous decisions in the critical moments of the Bosnia-Herzegovina crisis that were made on the basis of unchecked information or planted disinformation, the Security Council on this occasion again reacted hastily, trusting only the information of one side.

The Federal Government holds the view that there are no reasons nor credible facts for accusing the RSK of involvement in the civil war in the former Bosnia-Herzegovina, nor for criticism of its attitudes toward UNPROFOR [UN Protection Forces]. The fact that since the adoption of the Vance Plan not a single incident involving the RSK against UNPROFOR personnel or property has been registered is being ignored all too easily. The fact that about 70,000 Muslim refugees fleeing the terror of the so-called Army of Bosnia-Herzegovina— for whose fate and suffering the UN Security Council and the international community as a whole did not express sympathy or understanding—is being totally ignored. The UN Security Council discriminates among the Muslims themselves, protecting only those who are under the authority of the Army of the so-called Bosnia-Herzegovina, and ignoring the Muslim people that sought shelter in the RSK.

The Federal Government is asking all members of the UN Security Council to reexamine the decision on the extension of military activities outside the territory of the former Bosnia-Herzegovina. Only by abandoning this militant course will the possible future chain of consequences be prevented and the peace process saved.

The Federal Government firmly adheres to its belief that the civil war in the former Bosnia-Herzegovina cannot be solved by deepening it, and especially not by exporting it to the neighboring regions, but only through political means and fair and lasting compromise solutions. Being consistent with its peace-loving policy, the Federal Republic of Yugoslavia will continue to fight for such solutions.

The quick intervention by the UN Security Council for the benefit of the Army of the so-called Bosnia-Herzegovina, under the pretext of protecting the zones that are under the UN Security Council protection, is at variance with the passivity of the UN Security Council to react one month earlier, when that army abused the zone under protection in Bihac to prepare and launch offensive military actions of large proportions against the Army and citizens of the Serbian Republic. Instead of protecting Krajina, which enjoys its protection, the world organization, with its decision, has endangered the peace and security of Krajina.

Particularly worrying is the fact that the decision of extending air strikes on the RSK was made at the time when the peace process in the former Bosnia-Herzegovina is seriously threatened by the U.S. decision to abandon the embargo on the import of arms for the forces of the Bosnian Muslims and Croats, and when the Republic of Croatia is taking a more rigorous stand in the talks with the RSK, setting ultimatums, and frequently repeating threats on the so-called reintegration of Krajina with armed means.

Therefore, the decision of the UN Security Council cannot be interpreted in any other way than the facilitation of the escalation of military activities in the former Bosnia-Herzegovina and their dangerous spreading outside the borders of Bosnia-Herzegovina, the communique of the Federal Government states at the end.

Kontic: NATO Raid 'One-sided,' 'Unreasonable'

AU2211171094 Belgrade Radio Beograd Network in Serbo-Croatian 1400 GMT 22 Nov 94

[FBIS Translated Text] Federal Prime Minister Radoje Kontic today visited Belgrade Radio and spoke about current issues of domestic and foreign policy, saying, among other things, that objectively speaking, what happened in the republic of Serbian Krajina [RSK] yesterday is threatening the peace plan and encouraging military solutions to the crisis on the territory of the former Yugoslavia. Here is a report by Gordana Buncic:

[Begin recording] [Buncic] At the time of the latest events in the RSK, immediately after confidence was voted in the Federal Government in the Yugoslav Assembly regarding the peaceful orientation and certain disturbances on the market, and in the year when one of the largest radio stations in the southern Europe, Belgrade Radio, is marking 70 years of successful work,

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Federal Prime Minister Radoje Kontic gave very open answers to all the questions he was asked.

After he welcomed the guest, Dusan Djordjevic, chief and managing editor of the first program of Belgrade Radio, asked the prime minister the first question:

[Djordjevic] As the Federal Government also met last night on the occasion of an unpleasant event that took place in an area where our people live, that is, the raid on Udbina airport, I would like to ask you for a brief comment.

[Kontic] Thank you for your welcome, but first I would like to congratulate the staff of Belgrade Radio for 70 years of successful work and to say that Belgrade Radio can really be proud of the results it has achieved in that period. I wish you to continue the tradition you have established over the last 70 years.

Regarding your concrete question, I would say that what is involved is the one-sided and unreasonable act of raiding Udbina airport in the RSK. The very act was, above all, inspired by foreign factors who have historical pretensions to these Balkan territories, and by those foreign factors who—through solving the crisis on the territory of the former Yugoslavia—want to realize their own strategic interests in the world, as well as by those forces who are not interested in solving the crisis in Bosnia-Herzegovina through a peace process, but through a war option.

However, I do hope that our friends in Europe, European forces who are, I would say, increasingly more in favor of a peaceful solution to the crisis in Bosnia-Herzegovina, will prevail over the advocates of the war option and that we will nevertheless soon sail into calmer waters, that is, into solving the crisis through political negotiations.

[Buncic] In reply to questions about key points of the economic policy in the next year, Radoje Kontic said the following, among other things:

[Kontic] We think that for the next year—I am now speaking about the directions that still have not been endorsed by the Federal Government—one should establish some economic policy anchors including, first, keeping the prices at the achieved level of this December [as heard]. (?We are not) thinking about changing the parity of the dinar. We are of the opinion that, at this moment, that would be absolutely absurd and that it would only mean establishing certain relations or imbalance, only at a higher level. We think that these economic anchors should include the participation of public spending in the social product achieved. [end recording]

President Lilic Leaves for Brussels Visit

LD2211102094 Belgrade TANJUG Domestic Service in Serbo-Croatian 0921 GMT 22 Nov 94

[FBIS Translated Text] Belgrade, 22 Nov (TANJUG)—FRY President Zoran Lilic left for Brussels this morning at the invitation of the European parliament.

President Lilic will address members of the European parliament's commissions for foreign affairs, security and defense policy to speak about the most important issues of resolving the crisis in former Yugoslavia and about the economic and political developments in and the international position of the FRY.

During his two-day stay in Brussels, President Lilic is expected to meet with representatives of the Serb communities in Belgium and the Netherlands.

On his visit to Brussels President Lilic is being accompanied by Federal Minister for Foreign Affairs Vladislav Jovanovic.

At Surcin Airport President Lilic was seen off by Federal Prime Minister Dr. Radoje Kontic; Dr. Milos Radulovic, president of the Federal Assembly's Chamber of the Republics; and other federal officials.

Serbia

Jovic Criticizes 'Brutal' Reprisal Against RSK

AU2111184094 Belgrade Radio Beograd Network in Serbo-Croatian 1800 GMT 21 Nov 94

[FBIS Translated Text] Following today's air attack by NATO on Udbina airport, Borisav Jovic, vice president of the Socialist Party of Serbia, made the following statement:

[Begin Jovic recording] This is a shocking piece of news for me. I must say that I have not received complete information on the reasons for it. I cannot believe that the republic of Serbian Krajina [RSK] has caused the kind of incidents that would justify such a brutal and rigorous reprisal. One should wait and see what really happened.

However, my feeling is that perhaps this involves deliberate plans for the future, the incapacitation of that airport so it could not be used in some possible future conflict. Unfortunately for us, if this is the case, it means that those who are doing it are counting on broader conflicts in the future, which is not good at all. [end recording]

Akashi To Meet Serb, RSK President Over Raid

LD2111205794 Belgrade TANJUG in English 2037 GMT 21 Nov 94

["Pool" item]

[FBIS Transcribed Text] Washington, Nov 21 (TANJUG)—U.N. special envoy Yasushi Akashi said on Monday he would be meeting with Presidents Slobodan Milosevic of Serbia and Milan Martic of Serb Krajina on Wednesday.

Akashi said the meeting, to take place in Belgrade on Wednesday, would be held to thrash out the situation

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

after NATO's bombing of Udbina Airfield in the republic of Serb Krajina on Monday.

Akashi told the CNN television network he had spoken on the phone with Martic, who he said had appeared very angry.

Akashi said he had managed to calm Martic down somewhat, explaining to him that the Monday operation had been one of very limited scope, approved by the United Nations. The operation was in retaliation for air strikes against targets in the Bihac pocket in northwestern Bosnia launched from Udbina Airfield, said Akashi.

He said he had spoken on the phone also with President Milosevic who agreed to a tripartite meeting to be held Wednesday.

Belgrade has neither confirmed nor denied this information.

Akashi said fighting in (?Bosnia) had escalated, and hoped the interested sides would agree that the attack had been limited and moderate in scope and that the United Nations was interested in putting an end to war and restoring peace in the region.

Radicals Demand Tribute to Udbina 'Victims'

AU2211110894 Belgrade Radio Beograd Network in Serbo-Croatian 1000 GMT 22 Nov 94

[Report by Dragoljub Stankic on the session of the Serbian Assembly in Belgrade on 22 November—recorded]

[FBIS Translated Excerpt] Serbian Assembly Chairman Dragan Tomic opened the session some 20 minutes ago, but the deputies are already having a break now.

At the very beginning of the session, the deputies of the Serbian Radical Party asked for permission to speak in connection with a violation of the protocol, but instead demanded that the deputies pay tribute with a minute's silence to the victims of yesterday's bombing of Udbina in Krajina. The head of the Radicals' caucus, Tomislav Nikolic, again under the pretense of protocol violation, demanded that the agenda be discussed once more.

Assembly Chairman Dragan Tomic said that there were no grounds for such a proposal in the assembly protocol, but he still asked the Administrative Committee of the assembly to pass judgment on this issue. He then called for a 30-minute break. [passage omitted]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 352
MERRIFIELD, VA.

This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government. Users of this publication may cite FBIS or JPRS provided they do so in a manner clearly identifying them as the secondary source.

Foreign Broadcast Information Service (FBIS) and Joint Publications Research Service (JPRS) publications contain political, military, economic, environmental, and sociological news, commentary, and other information, as well as scientific and technical data and reports. All information has been obtained from foreign radio and television broadcasts, news agency transmissions, newspapers, books, and periodicals. Items generally are processed from the first or best available sources. It should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign language sources are translated; those from English-language sources are transcribed. Except for excluding certain diacritics, FBIS renders personal names and place-names in accordance with the romanization systems approved for U.S. Government publications by the U.S. Board of Geographic Names.

Headlines, editorial reports, and material enclosed in brackets [ ] are supplied by FBIS/JPRS. Processing indicators such as [Text] or [Excerpts] in the first line of each item indicate how the information was processed from the original. Unfamiliar names rendered phonetically are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear from the original source but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source. Passages in boldface or italics are as published.

SUBSCRIPTION/PROCUREMENT INFORMATION

The FBIS DAILY REPORT contains current news and information and is published Monday through Friday in eight volumes: China, East Europe, Central Eurasia, East Asia, Near East & South Asia, Sub-Saharan Africa, Latin America, and West Europe. Supplements to the DAILY REPORTs may also be available periodically and will be distributed to regular DAILY REPORT subscribers. JPRS publications, which include approximately 50 regional, worldwide, and topical reports, generally contain less time-sensitive information and are published periodically.

Current DAILY REPORTs and JPRS publications are listed in *Government Reports Announcements* issued semimonthly by the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 and the *Monthly Catalog of U.S. Government Publications* issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The public may subscribe to either hardcover or microfiche versions of the DAILY REPORTs and JPRS publications through NTIS at the above address or by calling (703) 487-4630. Subscription rates will be provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers. New subscribers should expect a 30-day delay in receipt of the first issue.

U.S. Government offices may obtain subscriptions to the DAILY REPORTs or JPRS publications (hardcover or microfiche) at no charge through their sponsoring organizations. For additional information or assistance, call FBIS, (202) 338-6735,or write to P.O. Box 2604, Washington, D.C. 20013. Department of Defense consumers are required to submit requests through appropriate command validation channels to DIA, RTS-2C, Washington, D.C. 20301. (Telephone: (202) 373-3771, Autovon: 243-3771.)

Back issues or single copies of the DAILY REPORTs and JPRS publications are not available. Both the DAILY REPORTs and the JPRS publications are on file for public reference at the Library of Congress and at many Federal Depository Libraries. Reference copies may also be seen at many public and university libraries throughout the United States.